THE FINANCIAL POST

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The Nation's Business

Management Now Has Big Tax Job to Do

About a week away is one of the biggest shocks the Canadian public is ever likely to get. September 1, employers start deducting income tax from workers' pay.

The Canadian public has been well warned. In general terms, it knows the new taxes are high and that paying them will be disagreeable.

But these new imposts involve vital changes in standards of living and a change of that kind has to be experienced to be fully understood. The new levies affect how the individual will spend his evenings and week-ends; how he dresses; his eating, smoking and drinking; in some cases where he lives.

For many families bitter days are ahead. Wives will be nagging husbands they consider careless with money. Husbands will be lecturing wives on household economics and the folly of respectability that requires a new hat. There will be tempestuous revolt by 'teen age sons and daughters denied this and told to do that. There will be howls from tots deprived of their ice cream cones.

The enforced change in living habits will cause psychological disturbances. Domestic clamor will fray nerves. The smaller pay envelope will leave a feeling of frustration and disappointment.

This puts a particular responsibility on management, which as the collection agency for the government, is going to be identified at least subconsciously with the cause of the new burden.

MANY WAYS FIRMS CAN HELP

By taking every means possible to speed family adjustment to the new situation, management will do a most important service to the war effort and to its employees.

Widespread harm will be the only result if some employees are left with the impression that it is "the boss" who is holding back some portion of their pay. It is equally important that they know that tax schedules impose equally serious and painful burdens on other income brackets and on companies.

In view of the outright falsehoods which are being widely circulated by left-wing political groups about wartime profits of industry, workers should be told the facts which are that industry's profits on war business is modest indeed. In a survey published in The Financial Post the following facts were brought out:

Canadian companies last year paid more to the government in income and excess profits taxes than they had left as profits. In other words, the government took more than was left for the company shareholders.

Comparing the years 1941 and 1939, the record of 146 Canadian companies revealed that while taxes had increased 269% profits increased 3%.

Some firms, well aware of this impending problem, have been busily assisting the income tax authorities by conducting their own educational campaign among employees; showing how the tax works, telling where it goes, explaining why it is so high.

Some firms have appointed special clerks, had them well and properly coached in income tax matters and encourage employees to discuss their tax problems with these people; have their taxes calculated by them. Some firms are doing educational work by shop committees.

However it's done, the job is vitally important. The big job of producing for the war effort or in supplying goods and services for civilian consumption must not be slowed down or interfered with because of needless and mis-directed bitterness; workers' morale is too precious to let it sicken.

Explaining the tax very frankly, confessing that it will involve a lower standard of living and, at least temporary hardship, is the least that management can afford to do.

* * *

SASK. WHEAT POOL PUSHES DEBT DODGING

A brazenly cynical letter of the Saskatchewan Wheat Pool urges farmers to wiggle out of as much debt as possible. Here are a few revealing sentences from a letter of R. L. Stutt, Country Organization Department, Saskatchewan Wheat Pool. It is addressed to "All Wheat Pool Committees." The letter outlines the situation with respect of farm debt in Saskatchewan. It reminds that there is machinery for the adjustment of debt. Then it says:

"It is recommended that a farmer should not be too optimistic in the amount he thinks he can pay. Many early adjustments were practically useless because the farmer got the reduction he asked for and it wasn't enough. In other words, **he should ask for plenty.**

"Farmers are not using the Boards of Review. The Government therefore is likely to take the attitude that they are not needed any more, and under the continual urging of creditor interests, abolish them and the Act which gives them power to operate. Wheat Pool committees are therefore urged to study this programme seriously and do everything possible to encourage their neighbors who need debt adjustment to go to the Boards of Review."

One recipient of this letter wrote back saying, "Do you think that is an honorable thing to do? What kind of a country would we have if we all thought like that?" Mr. Stutt came back with another surprising piece of information. He states that the letter urging farmers "to ask for plenty" was sent out as a result of a conference which, he says, included "Judge Brown and Judge Anderson of the Boards of Review."

The government should at once enquire into the implication of this statement that the two judges of the Boards of Review concurred in the appeal that farmers "should ask for plenty" when seeking debt adjustment and "that a farmer should not be too optimistic in the amount he thinks he can pay."

UNFAIR TO MAN WHO NEEDS HELP

The Stutt letter and the Wheat Pool's campaign to have farmers throw off debt is striking proof of where this kind of debt "adjustment" legislation leads. Turning debt adjustment into a racket will ultimately mean that the honest, drought-ridden farmer who really needs such relief will be unable to get it.

It puts a premium on poor management, laziness and those principles of conduct which Canadians generally do not hold to be honorable.

The farmer who makes an honest effort to pay debt is put at a serious economic disadvantage by his neighbor who is willing to chisel. The man who does pay his debt—and the paying of debt is almost invariably painful—sees his neighbor escaping the pains and enjoying the benefits and now praised and further encouraged by the bodies like the Saskatchewan Wheat Pool and, according to Mr. Stutt, by two judges of the Boards of Review.

Such legislation inaugurates completely new standards of moral conduct. In practise it foists the standards of the worst in the community on the best. In the words of the man who protested at the Stutt letter:

"What kind of a country would we have if we all thought like that?"

Payment of debt is not only an important method of fighting against inflation, but it is the best preparation for difficult times that may arise in the future. This year, western farmers generally will have their best year in at least a decade.

The Saskatchewan Wheat Pool ought to have a higher sense of public responsibility and better judgment as to the real interest of farmers than to counsel debt dodging now.

Union Drive May Force New Policy

Pay and Jurisdictional Labor Disputes Seen Prelude to Ottawa Action

By STAFF WRITER

OTTAWA.—Labor unions everywhere in Canada are now in the midst of an intensive organizational campaign, The Financial Post is informed.

To a certain extent this union activity has made itself noticeable through what is claimed to be a relatively modest increase in the number of labor disputes, many of which are the result of "jurisdictional" trouble, or squabbles between rival unions for the right to be named to represent the workers of a particular plant or industry.

Disputes

June statistics, the latest available, show that 54 disputes were reported that month involving 16,069 workers and causing the loss of 41,232 man working days. This compares with 32 disputes involving 6,904 workers and time losses of 18,047 man days in May this year and with 32 disputes involving 7,547 workers and time losses of 39,284 man working days in June, 1941.

Study of the records of recent labor disputes in Canada suggests that still the most frequent cause of trouble is wages.

This attempt to gain higher pay, however, comes into conflict with Canada's wartime wages policy as set forth in the wartimes wages control order, P.C. 5963, which is a revision and consolidation of previous orders. The order states that increases may be authorized by a war labor board "only if existing wage rates are found to be low as compared with wages generally prevailing in the same or substantially similar occupations in a comparable locality." This provision has led unions to ask higher wages because similar occupations perhaps 2,000 miles away were paid at different rates, a type of argument which finds little support with war labor boards.

Closely Linked

Canada's wage policy today is closely linked with that of other government bodies charged with directing the whole Canadian economy toward maximum war effort. One of the most pressing needs at present is for direction of all possible workers into direct war effort, either in war industry or the armed forces.

As one means of accomplishing this, Canada's wages policy is proving an important assistance. It is now definitely decided, for example, that applications for higher wages coming from either workers or employers in non-essential industries are almost certain to be refused on the ground that such refusal makes wages being paid in war work that much more attractive. It is a definite part of our labor policy to induce as many workers as possible to turn to war work and one method is to

(Continued on page 4, col. 1)

Set Record Rail Haul This Year

Transport Board Chief Forecasts 60 Billion Ton Miles Revenue Freight

By STAFF WRITER

OTTAWA. — Canadian railways will probably haul over 60 billion ton miles of revenue freight in 1942, according to Col. Jas. A. Cross, K.C. Chief Commissioner, Board of Transportation Commissioners. Col. Cross noted that the peak year in revenue freight history was 1941 when 50 billion ton miles were moved as compared with only 21 billion ton miles in the low point since the last war—1933.

Peak year for number of passengers carried was in 1920 when 51 million persons were transported. In 1933 this had dropped to 19 million and in 1941 rose to 30 million. This passenger traffic, he pointed out, is being carried at the lowest rate ever recorded in Canadian history of railways. The average rate at the present time is down to 1.8c. per passenger mile while the normal coach fare is 3c. a mile.

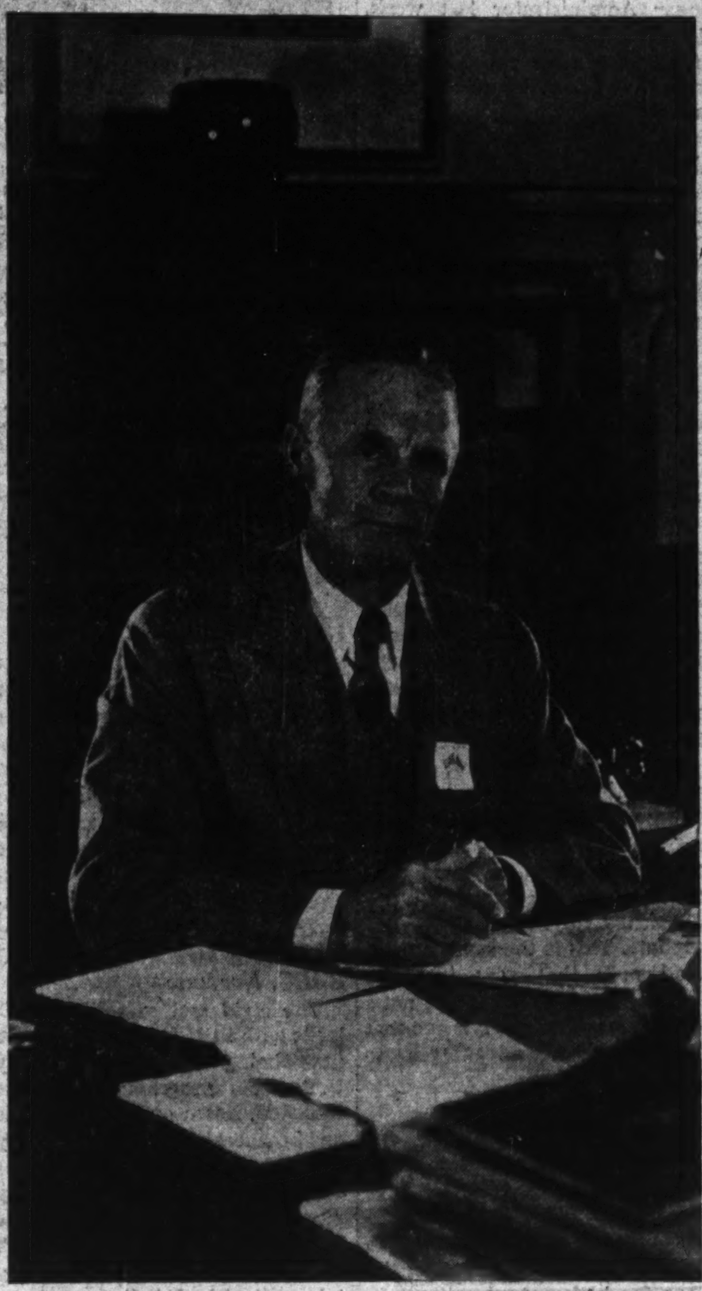
Consolidate Lines

Since 1933, a decision of the Board is necessary before railway lines can be abandoned. In that time 96 applications had been received and 70 applications allowed. The total mileage involved was 2,103 miles of which 1,208 had been abandoned after permission was granted.

In regard to number of railway mileage abandoned, Col. Cross pointed out that out of the 96 applications, 61 were on behalf of the C.N.R., 24 the C.P.R. and 11 for other railways. Of the C.N.R. applications, 44 had been granted, involving a mileage of 735 miles.

Figures respecting the C.P.R. showed that 16 applications involving 242 miles had been granted and 8 (involving 343 miles) had been refused.

Twenty Years Premier



For a score of years John Bracken has held the reins in Manitoba. In that time he has shepherded his province through its period of greatest prosperity and deepest depression. Originally he headed the first farmers government in Manitoba but in successive elections since 1922 he has attracted supporters from the ranks of the Liberal, Conservative, C.C.F. and Social Credit parties. Now he leads the broadest coalition government in Canada. For personal sketch of Mr. Bracken, see page 6.

Further Cut Coming In Non-essential Lines

Canada to Conform With United States Restrictions — Many Imported Lines Affected — Some Relief Through Substitute Materials

H. L. SOUTHALL
Assistant Group Manager,
Trade Newspapers Division,
The MacLean Publishing Co., Ltd.

OTTAWA. — Further curtailment in production of non-essential commodities is imminent. The reason, of course, is to conserve key materials for war output. Specific details may not be divulged at the moment because they are still under consideration, but the action taken will closely parallel that taken some weeks ago in the United States. There some 400 banned items of civilian products were listed.

Action is being taken jointly between the two countries largely because Canada must remain in step with the U. S. for the reason that we find it necessary to import steel from that country to the extent of about 2 million tons annually at the present time. Obviously we could not expect to use this and other vital metals for non-essential production when United States has found it necessary to abandon it.

Many Not Made in Canada

Examination of the tentative list reveals that it contains many articles which are undoubtedly in the non-essential class. A lot of them are not made in Canada so that abandonment will have little effect upon industrial activity. Distributors who have been importing them, of course, will be affected, but this would be an inevitable result of the U. S. action in any case.

Reasons underlying the curtailment were clearly and frankly explained by Administrators of various departments of the Wartime Prices and Trade Board to a gathering of editors of leading Canadian trade and technical publications in Ottawa. The meeting was under the joint chairmanship of D. P. Cruikshank, Co-ordinator of Metals and W. F. Prendergast, head of the Information Bureau of the Board.

Contrast in Action

For certain reasons Canada has not found it necessary to go as far as the U. S. in the curtailment programme, but where action has been taken it has been dictated entirely by considerations of preserving critical materials and labor for essential war purposes.

One instance of contrasting action has been in the manufacture of organs. These are banned in the U. S. but as the small industry in Canada is not using critical materials and the few workmen engaged are hardly suited for other production there is no curtailment yet. Snow shovels are also banned in the U. S. but not here because of our different climate.

How many articles will continue to be made but from different materials remains to be seen. It was thought that some metal goods might be reproduced in glass, but the official in charge of glass supply has been unable to guarantee materials for the purpose.

Plastics in Short Supply

It now seems unlikely that plastics will be available in any quantity for substitute purposes because they are also in short supply. It is understood the United States is taking action to divide plastic supplies into four main categories for essential purposes with the Army and Navy heading the list, and it is thought unlikely there will be much left for civilian purposes. Canadian sources of plastic materials are said to have indicated that much the same situation prevails here.

With the U. S. changing rapidly from the priority system to a plan of allocations of materials based on close survey of requirements it is felt that the availability of any critical materials for non-essential purposes will be further curtailed.

Variation in Programme

Mr. Cruikshank compared the progressive steps in Canada and the

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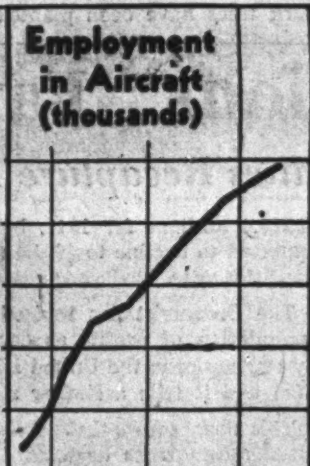

Chart by The Financial Post

Nearly 50,000 Work on Aircraft

Building less than 40 planes a year before the war, the 1,000 employees in Canada's aircraft industry have been added to at an average rate of 2,000 workers a month to reach a total of 47,970 at the end of June in production and overhaul.

Today, production is stated officially to be around 400 planes a month, over 120 times the prewar total, gained through an increase of less than 50 times as many employees.

The accompanying chart shows the dramatic growth of employment in this key industry. Expected for this fall is another substantial boost as production lines begin to hum with new plane types.

Must Plan Now For After War

Dr. James Stresses Psychological Effect of Planning Programme

Planning to meet reconstruction problems is something that cannot be postponed until after the last gun is fired. Dr. F. Cyril James, Principal of McGill University, told the annual convention of Dominion Association of Chartered Accountants at Calgary this week.

The postwar period will not of itself offer us a brave new world to live in, he declared. Problems past and present will remain, he believed, and the pattern of society will be affected by everything we have done during the war.

New Philosophy

Accordingly, he declared, the "essence of a reconstruction programme is the discovery and refinement of a new philosophy which will enable us to develop solutions more appropriate to human wellbeing and the progress of civilization."

Planning of reconstruction policies

(Continued on page 2, col. 5)

More Manpower Action Coming in September

By STAFF WRITER

OTTAWA.—Step by step Canada's manpower policy is unfolding with more orders likely to be announced by the end of the month. These orders are expected to:

1. Clear up the draft status of industrial workers;
2. Tighten up the "hiring and firing" controls, reduce labor drifting.

Mr. King made clear that steps are at last being taken to bring the whole manpower problem under a single direction, an end to be achieved gradually over a period of a few months.

One step expected is to have the management of each essential company divide its working force into categories. For example, they might place those men to whom they would grant top priority, the absolutely essential members of their staffs, into category No. 1; those whom they would find difficulty in replacing, but who could be spared would make a No. 2 category; finally all others might be placed in a No. 3 category to include workers who could be replaced readily by training new men, employing women or other methods.

This plan might be adopted to aid management in deciding on its policy as to applications for deferments of the N.R.M.A. call-ups. National selective service would gain a better idea as to how many men were considered absolutely essential for war industry.

Such a plan of placing workers in essential industries into various appropriate categories would probably be done in the first place by the management but it would be subject to checking by competent members of National Selective Service's staff. This government body is suffering from lack of experienced and trained manpower almost as much as is war industry itself.

It is hoped that restrictions on non-essential industry will release competent men. To these national selective service will say where they are to go, whether to the armed forces, to war industry or perhaps to its own staff.

A further possibility would be to

(Continued on page 2, col. 5)

Democracy versus Dictatorship

The Financial Post presents the last of a series of eight articles from Dr. Gustav Stolper's major work—"This Age of Fable."

A 1933 refugee from Hitler's Germany, Dr. Stolper is now serving in New York as an economist consultant.

In the accompanying article Dr. Stolper discusses the fable which pretends that the democracies are decadent and obsolete, the dictatorships strong, clean and efficient.

By GUSTAV STOLPER

Democracy is dying, decadent, rotten, on the way out. It is inefficient, corrupt, a thing of the past. Dictatorships are the future. They are strong, clean, efficient, virile, irresistible. There is no fighting the "Wave of the Future"; it is even sin to fight. True, there is scum on the wave, but the scum is not the wave itself. It rolls on, powerful, irrepressible.

Never was a more absurd myth put over on the world. It was certainly not democracy that involved the German people in the disaster of the First World War. It was a regime that with all its merits kept foreign policy and the army meticulously free from any contact with, and contamination by, democratic elements.

Whatever else the Reichstag—to which the government was not responsible, by which no Chancellor could be removed—might talk about, it was remote from any influence on foreign or military affairs, which were the preserve of a small group of aristocratic families around the Hohenzollern dynasty.

Great But Not Democratic

Nobody can deny that under this imperial regime Germany rose far above all other Continental nations, not only in military might, not only in industrial efficiency and capacity, but also in arts and sciences unparalleled in proficiency and achievement anywhere in the world — and even in social pioneering, social insurance protected German workers several decades before it was introduced in Britain.

Imperial Germany was not democratic, but it was tolerant and civilized, conservative but filled with a strong sense of social responsibility. It was this era that laid the foundation for Germany's military and industrial power which Hitler is so effectively destroying in our days.

Yet no achievement of the peaceful century preceding the First World War is as impressive as the really miraculous resurrection from the collapse of 1918. Future historians will vindicate the era between 1918 and 1930—the actual end of the German Republic—as one of the most glorious chapters of modern European history, ending in another catastrophe, not because Germany was too democratic, but because she failed to build up a democracy and succumbed once more to the German archevil, utter ineptitude for political thought and action.

It was this material of a great but unpolitical nation that Hitler could use. Nazi Germany has achieved notable successes, not because it was Nazi, but because it was Germany that after 1933, as after every decline in the past, gathered again all the strength innate in her people for the most fateful effort of her history.

And what about the decadent, soft, discredited, impotent doomed democracies?

With the exception of France, whose tragic fate deserves a much more serious approach than is attempted in the deplorable literature some facile and quick-witted French writers threw on a dumfounded world, the old democracies never showed more effectiveness, courage, spiritual unity, and intellectual vigor, than in this period of alleged decadence and softness. They failed in one purpose only. They failed to see the brutality of the future; they failed in militaristic spirit and military preparation. For those whose sole measure of history is military success and power this may be reason enough to condemn democracy as the political system that breeds civilian spirit, glories in pacific arts, and despises war. By this standard American democracy may appear as the greatest failure of history because in 1939 it was militarily the most unprepared of all great nations.

Let us look at the record of democracy on the brief interval between the two world wars. Let us look at Finland, Sweden, Norway, Denmark, the Netherlands, Belgium, Switzerland — let us look, above all, at Great Britain. In the period beset by the greatest problems of adjustment and

(Continued on page 2, col. 3)

It's Your MONEY

. . . that continues a $2,000 car allowance to Ministers of the Crown even though gasoline rationing precludes the use of an automobile to anything like this extent.

Commenting on this matter in the last day of Parliament, H. R. Jackman, M.P., pointed out that a $2,000 car allowance if prorated on a mileage basis at 7½ cents a mile, which he described as the common commercial figure for automobile expenses, would represent a total of 26,660 miles. Said Mr. Jackman:

"Against this 26,660 miles is the fact that we have now gasoline rationing and the ordinary person is not allowed to drive more than 4,000 or 5,000 miles."

The $2,000 car allowance is tax free.

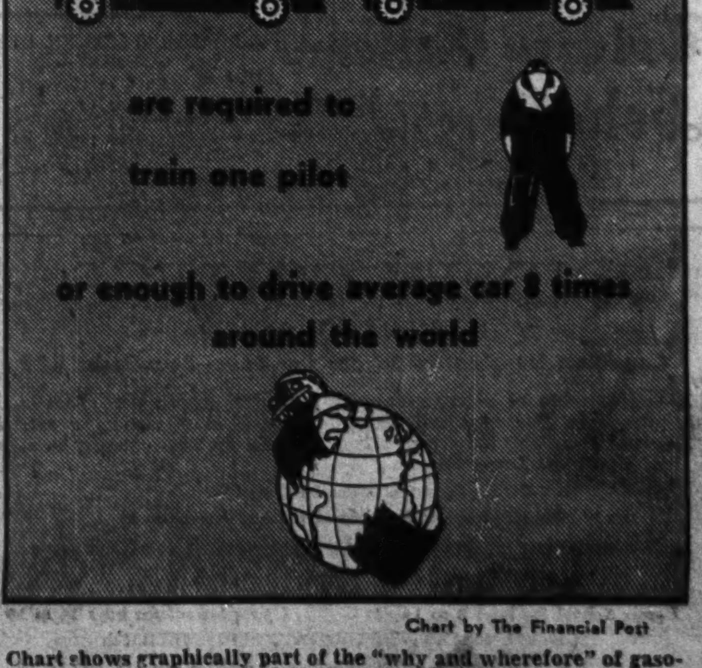

Chart by The Financial Post

Chart shows graphically part of the "why and wherefore" of gasoline rationing. The United Nations can't have both the air force necessary for victory and unrestricted automobile driving. Figures are based on gasoline necessary to train a pilot to the [illegible]

The War and Business . . .

C-L Bonus and Trade Bodies

Associations such as the Canadian Manufacturers' Association and other trade organizations have been under some doubt as to where they stood regarding payment of cost of living bonus to their employees. This has now been cleared up through a ruling that such organizations are not "associations" or "institutions" within the meaning of the wartime wages control order as revised July 14, 1942. This means that such organizations will be expected to pay the cost of living bonus as authorized this month.

Wording of the order which caused some confusion excluded from the operation of the order, among other classifications, "any person, firm or corporation operating any hospital, or any religious, charitable or educational institution or association, if such hospital or such institution or association is not carried on for purposes of gain."

The word association has now been ruled to be practically synonymous with institution and not to refer to trade associations. The fact that some hospitals are operated for gain also places them in the class of organizations coming under the wage order and required to pay cost of living bonus. There is, of course, nothing in the order to prevent any organization coming voluntarily under the order and paying cost of living bonus, either through conforming to the order or on some other basis which may suit their purpose better.

* * *

Manpower Headaches

Even if some co-ordination of Canada's power policy is forthcoming and if draft boards become responsible to a manpower czar regulating the movement of all manpower whether for military or industrial purposes, there will likely be some sharp headaches ahead for industrial firms working on direct war orders or otherwise.

Some industries are just going to have to get along on 20% less workers and the same production will still be expected of them, The Financial Post is informed.

The Post understands, too, that some draft boards have been very free in handing out deferments and that in these areas, sizeable batches of men may find themselves shortly in training.

* * *

Air Transport Squabble

An expert speaks — and you might like to keep this against the day when the facts are known.

"Entirely false and misleading" are the words with which the top aircraft production expert of the U. S. War Production Board dismissed the claims of Henry J. Kaiser with respect to the speed with which he could turn out giant cargo planes of the air. The speaker, Theodore P. Wright, aeronautical engineer and aircraft production expert said the Kaiser time figures were "far at variance with what can be achieved."

* * *

Watching Inflation

The United States is apparently getting really worried about inflation. Word from Washington is that not only top executives and administrations but also important figures in the Senate and House are busily reading up about Canada's anti-inflation programme. They are reported to be especially impressed with the enforced saving aspects of the recent Canadian budget which return substantial amounts to tax payers after the war.

* * *

Nitrogen Short?

Although Canadian production of fixed nitrogen from the air has been tremendously expanded since the war started, a shortage of nitrogen threatens our production of artificial fertilizers of which nitrogen is a vital component. Apparently there is enough for this year—the fertilizer using season is pretty well over anyway—but next year may be an entirely different problem.

War requires tremendous quantities of nitrogen, used as nitrates, an essential component of most explosives. When we build explosive plants we create new demands on our supply of nitrates, materials which Canadian farmers have long used in large quantities as fertilizers.

* * *

Growing Cork

In an effort to make the North American Continent completely free of Spain and Portugal in the matter of cork supplies, 50,000 cork trees have been planted in California this year. This is more than double the planting of a year ago. A fair amount of cork is already produced from plantings in the Southern States but of course it will be many years before the present wartime expansion reaches commercial production.

* * *

Sugar Stabilized?

Although rumors of excess stocks of sugar on hand were officially scotched by S. R. Noble, Sugar Administrator last week, the Canadian statement was followed by a more optimistic note from the U. S. Office of Price Administration.

OPA estimated that in the first nine months of 1943, U.S. consumers would get at least as much sugar as they did in the first five months of 1942. All official pronouncements on sugar turn on the shipping question and both OPA and WPTB emphasize that there will be no immediate let-up in rationing. But OPA's statement appears to reflect a growing confidence in our ability to lick the U-boat.

* * *

Saving on Cotton

Canada's present programme for production of explosives for munitions has eliminated the use of cotton as a source of the cellulose which is an essential material in making of certain kinds of explosives. We are now using cellulose obtained from wood pulps, thus adding a new outlet to our pulp and paper industry, lessening our imports of raw cotton, saving our precious U. S. dollars and easing the transport burden. The wood pulps used in making explosives are the chemical pulps—bleached sulphite and bleached sulphate. This is the same type of wood pulp that goes into the manufacture of rayons. It is not a new use for pulps but it is one that offers peculiar advantages to Canada.

* * *

More Ceiling Trouble?

Another major threat to Canada's price ceilings is expected to develop this fall when U. S. ceilings are generally expected to take an upward move. Behind the pleas for higher food ceilings in the U. S. is the gradual clearing of better (higher priced) lines from grocer's shelves. A number of these lines feel the profit pinch more tightly than cheaper goods according to U. S. reports, and it is claimed the ceiling is causing an artificial shortage.

Significance for Canadians is that the U. S. market will become even more attractive to sellers than it is now, badly needed staples will tend to flow out of the country as beef cattle did this spring and summer.

* * *

U. S. Price Control

Though the United States has put only a few commodities under the price ceiling the results of the first month of such price control as they have are encouraging. Among foods prices of those under the price ceiling declined 1% and prices of those not controlled advanced almost 5%. Rent control is regarded as being particularly successful.

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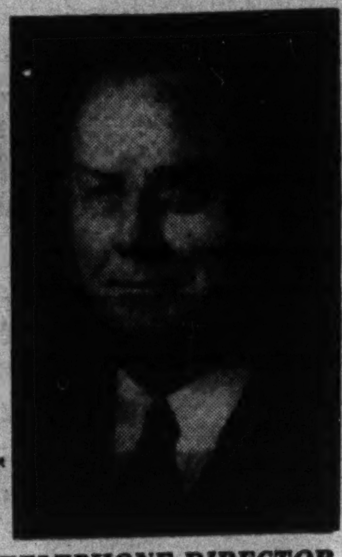
B.B.C. Nervous

The staid and so-polite B.B.C. looks with little favor on a scheme now being concocted whereby U.S. radio programmes will be recorded, flown over the Atlantic and broadcast in Britain especially for the benefit of American troops stationed there. U. S. military guests are reported to have made it very plain that they aren't "wowed" by British radio entertainment. The B.B.C. fears that a good many Britishers may dial in on the U. S. shows—just as they used to on the big commercial stations with the U. S.-type radio shows in Luxembourg and other points.



TELEPHONE DIRECTOR

Cleo F. Craig, who has been elected a director of the Bell Telephone Co. of Canada, succeeding W. H. Harrison, who has resigned to enter the U. S. Army. Mr. Craig is a vice-president of the American Telephone and Telegraph Co., New York City.

More Manpower

(Continued from page 1)

have doctors go into war industries and give preliminary medical examinations to various workers, particularly those in categories 1 and 2. These men would then be rated according to their medical status for the armed forces. The advantage would be to end the uncertainty with regard to a great number of potential draftees.

Coming steps on the manpower problem known to be under way include the registration of women, initially largely to get an accurate "inventory."

About Aug. 31 a number of important orders are expected, defining and making more strict such matters as conditions under which a man may seek a new job or an employer hire or fire. One step will be to require that every engagement of a worker must first have the approval of National Selective Service. The present system, somewhat loosely enforced, requires that an employer may engage a worker and then apply within three days for approval of such engagement, but this is expected to end.

A further step expected is a "cooling off" period before either an employer fires a man or the employee can leave his job. A week's notice will likely have to be given before the employment can be terminated by either party, then an official form indicating that it is quite legal for the employment contract to be ended will permit the worker to register with the unemployment insurance office as unemployed. The worker will then be given a permit to seek new employment.

Such permits will probably place restrictions on the kind of employment a man can take. It may be, for example, that a qualified machinist would be required to present himself at a particular firm which was short of his kind of skill.

Coupled with this control of employment will likely come careful control of advertisements for help or from those seeking work. With all jobs being filled through the government machinery, such advertisements would likely be permitted only in the name of National Selective Service.

A limit is likely to be set on the length of time that workers may remain unemployed, either completely or partially. Authority would be taken to require such persons to accept any suitable work that is available, with the emphasis always placed on directing workers into high priority jobs. It is extremely likely also that provision will be made for the return of any employed worker who is required to shift from his present job to one of higher priority rating back again to his old job. Provision for this kind of protection is already given to members of the armed forces and it is a logical move for other workers as well when they are required to leave their present jobs.

All of this is going to require a lot of explaining, as National Selective Service well recognizes. As part of the programme of explanation, it is expected that an explanatory booklet will be widely distributed to inform the worker—and his employer—what can be done and what cannot be done.

Must Plan Now For After War

(Continued from page 1)

during the war he believed necessary:

1. Because of the psychological effect on people. The prospects of such policies of reconstruction, he declared, were already stirring people's minds and the effective planning of such policies, he believed, was an important part of the total war effort.

2. The pattern of Canadian life at the end of the war will be determined by the decisions made by business and the government in connection with the war effort.

Important Factors

Agreements between Canada and other nations will affect Canada's international position after the war; decisions regarding the location of and expansion of munitions plants will alter the pattern of Canadian industry; the expansion of agricultural production and the development of agricultural processing industries may tend to intensify a problem already serious before the war began, he declared. He continued:

"I could cite hundreds of cases that illustrate the influence of wartime decisions on postwar problems, but each of you from his own experience can supply sufficient evidence to make further proof unnecessary. Even though each of us realizes continuously that an efficient policy for the conduct of the war must take precedence over every other consideration, your experience of business organization will I think convince you that in very many cases it is possible to attain a desired goal with equal efficiency by more than one method. Where such alternative policies are available, we ought continuously to be aware of the postwar repercussions of each of the alternatives, so that we may consciously and wisely select that which will cause the least dislocation, or the greater advantage, to the future development of this Dominion."

Commodity Bd. Widens Field

Has Already Added Spices and May Handle Coal

By STAFF WRITER

OTTAWA. — How much money may be involved in operations of Commodity Prices Stabilization Corp. is something about which officials here are reluctant to hazard a guess. The reason for this is the impossibility of knowing how extensive the Corporation's operations may become.

An example is given this week with the announcement that spices are to be bought in bulk by the Corporation which will handle Canada's entire supply of white and black pepper, allspice, cinnamon, nutmeg, mace, ginger, cloves and sage.

It is almost certain that other items will be added to the growing list for which the Corporation is Canada's sole purchasing agent. It is quite conceivable, for example, that coal imports may be handled as a means of controlling the price to the consumer. The addition of this vital commodity would add millions of dollars more business to be handled.

Estimates published suggesting that $100 millions might be a reasonable guess as to the eventual scale of the Corporation's business are regarded by officials as hardly even an indication. It is known that the butter subsidy of six cents a pound may mean payment of $13 millions. The estimates of the cost of crude petroleum import subsidy run up to $30 millions.

This makes a total for these two items of $45 millions without making any allowances for what may be involved in purchasing coffee, cocoa beans, vegetable oils, corned beef, beeswax, raisins and currants. It does not include the many items on which import subsidies may be paid or are already being paid.

Thus it seems that the estimate of the amount involved in the Corporation's operations must range from a minimum of at least $50 millions up to sums that could be two or more times the $100 millions that has been mentioned.

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Ontario Paper Plans to Use Mill Product for Rubber

From Our Own Correspondent

MONTREAL.—Ontario Paper Co. has applied to the War Production Board in Washington for priorities on distilling apparatus to make rubber from a mill by-product.

Owned by the Chicago Tribune, the company said in its application it would finance construction of facilities necessary to convert sulphite liquor—the waste product—into alcohol, the step preceding its conversion into synthetic rubber, at its mill in Thorold.

Through a series of chemical processes the alcohol would be converted into butadiene, which later, in combination with styrene, would make the rubber. The company offers to make the process available to other mills.

It is estimated that the sulphite liquor, which is drawn off in the production of wood pulp paper, is available in sufficient quantities in the United States and Canada to make 90,000 tons of synthetic rubber each year. This is about 10% of U. S.-Canada rubber needs.

New Books

For Better Building

Prepared under the joint sponsorship of National Housing Administration, Department of Finance, and the Codes and Specifications Council, National Research Council of Canada, Ottawa. Price $1.

Control of the type and kind of buildings, where they may be erected and what materials may be used is a matter handled by municipalities in Canada whose powers in turn are limited by provincial jurisdiction. It is a matter over which the Dominion has little direct control. In the working out of the haphazard systems of building regulations that grew up wide variations crept in between even neighboring municipalities. Some had no regulations of any kind; others had regulations generally regarded as unduly restrictive and retarding adoption of improvements in building technology and modern concepts of proper planning.

Into this chaotic condition—which has "undoubtedly been reflected in increased costs and restricted output together with lower standards of design and construction than would otherwise have been attainable," as Hon. J. L. Ilsley expresses it in the foreword—the Dominion entered with its interest in housing about six years ago. A model code for building anywhere in Canada seemed the answer and had been advocated by many for years.

The result is that about four years ago preparation of such a model code was undertaken under the joint sponsorship of the Department of Finance and the National Research Council.

The code is a three-fold document, setting down regulations in the distinct fields of construction requirements, fire protection and health and sanitation. All this is compressed into a 422-page book, divided into five parts covering administrative requirements, definitions, structural requirements, life and fire protection and regulations necessary for health and sanitary considerations.

The method adopted in preparing the material has been to assemble under one heading all regulations dealing with a particular subject. This means that everything pertaining to excavations and foundations, as an example, will be found in a single chapter. Particular attention has been paid to indexing to aid the user who wants to know what regulations may apply to a particular type of building, such as a school for example.

Commodities

	Latest week	Previous week	Same week last yr.
Cattle	$9.92	$9.96	$8.63
Hogs	16.38	16.10	14.35
Copper, lb.	*.12	.12	.12
Cotton, lb.	.1941	.1959	.1665
Sugar, raw, lb.	*.0374	.0374	.0379
Wheat, Man. (bu.)	.88¾	.88¾	.73⅞
Coffee, lb.	*.09⅜	.09⅜	.09⅜
Hides	*.15½	.15½	.15
Weekly Indices			
U. S. Labor	98.6	98.6	89.6
Wood, Gundy	77.7	77.8	74.5
Dow Jones (fut.)	84.17	84.55	78.50
Fishers	107.2	108.1	96.7
Monthly Indices			
Canada (D.B.S.):			
Retail (June)†	116.7	116.1	110.5
W'sale (June)	95.8	95.2	90.1
U. S. (May)	98.8	98.7	84.9
Gt. Brit. (May)	160.7	159.6	151.3

Note:—The base of indices is that 1926 equals 100. †Base 1935-39 equals 100. The British index is Board of Trade converted to 1930 base.

Base of price quotations is as follows: Cattle — Steers, good, over 1,050 lb., top price, Toronto. Copper-electrolytic, New York. No. 7 coffee, Rio. Sugar—96 degrees centrifugal, c/f New York. Wheat—No. 1 Man. North., Ft. W.-Pt. A. basis.

*Ceiling prices fixed by the office of Price Administration.

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Three Nations' Tax Policies Compared

Major Allies Recapture Entire Wartime Profit Gains

A few weeks ago (May 30), The Financial Post was able to demonstrate that if anyone was making money out of this war it was not the equity investor in Canadian companies. A tabulation covering 146 companies shows that a gain of less than 3% had taken place in net profits after taxes since the war started although taxes are up 269%. If two groups—pulp and paper and iron and steel—are not included there is actually a decline in the shareholder's profit.

Thorough elimination of wartime profits is evident in Great Britain and the United States.

Same Story in U. S.

In the United States, the National Association of Manufacturers has made what it terms "the most authoritative study of corporate finances as affected by the war, yet undertaken." This study includes an estimate of the results for 1942.

For 2,225 profitable corporations which earned $1,637.2 millions in 1940, before taxes, there was a rise to $2,879.2 millions in 1941 and a further rise to $3,500.4 millions is expected this year. In other words, earnings before taxes have more than doubled in two years.

But for this same group the figures after taxes present another story. Net income after taxes was $1,130.4 millions in 1940; rose to $1,380.4 millions for 1941; but is expected to decline to $901.4 millions this year.

The Economist has revised its compilation of profits as earned by companies in the United Kingdom and it tells a similar story.

This study shows that profits of British companies declined 1.3% between 1939 and 1940 and there was a further reduction of 3.8% in 1941. "These are comparisons of gross profits," states the Economist, "they are accordingly an indication of the thorough effectiveness of 100% EPT, in preventing any rise in gross profits. Even if the standard rate of income tax had remained unchanged since the first quarter of 1938, the net earnings available for capital would have been some 6% lower. In fact net earnings, after standard income tax, have been more than halved, as a result of the doubling of the standard rate between the first quarter of 1938 and the second quarter of 1941."

The British tax set-up differs considerably from that of Canada or the United States. In the former country more stress is laid on taxation on income from the final recipient. Thus it is customary for British companies, which must deduct the standard rate of personal income tax from dividends before disbursing them to shareholders, to show this in their accounts. The Economist has made adjustment for this condition. Its gross figures are after all taxes applicable to the corporation itself but before any allowances for the standard income tax of shareholders.

Three Nations' Tax Policies

TAXES HOLD DOWN WAR PROFITS

Canada (146 Companies)

	Gross profits $000	Net profits $000
1939	232,640.4	181,907.6
1940	296,331.9	172,969.5
1941	374,013.0	186,956.1

United Kingdom

Economist Index of Profits (Year Ended Dec., 1938 = 100) Accounting periods ending in quarters:

	1st	2nd	3rd	4th
1939	98.13	98.06	97.95	98.24
1940	101.7	100.3	101.2	99.74
1941	96.14	98.72	96.20	96.68

United States (2,225 Companies)

	Gross profits $000	Net profits $000
1940	1,637,200	1,130,376
1941	2,879,153	1,380,380
1942 (est.)	3,500,423	901,406

The Economist concludes by pointing out:

"One dominant feature, however, emerges from all the figures . . . they all point to the completeness of wartime control of profits . . . that EPT is completely effective and that net profits have been more than halved since 1938."

Three Policies—Same Result

So far as taxation is concerned, the statistics given here represent the wartime results of three differing taxation policies and stages of conversion to wartime conditions. The United States, only recently an actual combatant, is just now getting down to a realization of the financial burdens of waging modern war. Its tax structure is even now under revision but its most far-reaching proposals still fall considerably short of what Canada and Great Britain have had in effect for some time. Great Britain was the first to adopt a 100% EPT and the first to adopt the principle of having a proportion of this tax refundable after the war. Canada has now gone as far as Britain in this respect, perhaps further in some details.

Illustrating another effect of war on company operation is a further section of the National Association of Manufacturers report dealing with sales trends.

During 1941, 2,763 out of 2,895 companies, or 95.4%, reported a gain in sales over the preceding year; for 1942, however, only 1,878, or 64.9%, expected increased sales over 1941, 844 expect lower sales and 173 do not expect any change. The fact that 30% of this large group of U. S. businesses expect lower sales this year is illustrative of the effect of re-distribution of employment and increasing restrictions due to the war. This condition is hitting smaller companies worse than the large, with aggregate sales of companies doing less than $1 million annual business expected to decline and those doing more than this amount of business expected to gain in the total. For 2,225 profitable businesses in the United States these changes have meant the following alterations in proportion of the sales dollar going for cost of sales, taxes and net profits:

Where the Sales Dollar Goes

	Cost of sales %	Taxes %	Net profits %
1940	88.7	3.5	7.8
1941	85.8	7.4	6.8
1942 (est.)	87.4	8.8	3.8

For Canada we do not have as complete figures as are available for the United States but it may generally be assumed that the same trend has been experienced. It is quite evident that taxes are up, as are total sales, with net profits about holding their own to the end of 1941. This year it is quite probable that aggregate profits will decline.

Company Reports

B. C. Packers

Substantial increases in the amounts of salmon, herring and pilchard processed during the year brought earnings of B. C. Packers Ltd. for the year ended April 30, 1942 to double the 1941 figure. Added to the improved canning operations was an increase in the price of fish oil.

The salmon pack, 55% above 1940, was the largest since 1930, while the herring pack was up 143% on the year. Result was a jump in sales from $7.8 millions in the 1941 business year to $12.2 millions for 1942.

Current operations compare unfavorably with last year, the early salmon pack being lower and the pilchard catch only 50% of last year's figure. The season is not far enough advanced to make final predictions, according to H. R. MacMillan president. Comparative earning figures follow:

Income and Surplus Account Years Ended April 30

	1942 $	1941 $
Total earnings	1,412,067	740,454
Less: Exec. remuner.	46,150	37,900
Directors' fees	1,060	1,075
Legal fees	5,256	4,024
Depreciation	289,850	287,255
Interest	42,922	44,923
Income & E. P. taxes	598,849	154,404
Bond disc. & exp.	4,021	4,021
Net profit	423,510	206,852
Less: Common divds.	204,419	......
Surplus for year	219,091	206,852
Add: Prev. surplus	936,230	658,378
Inc. tax adj.	......	71,000
Earned surplus fwd.	1,155,321	936,230
Earned per share:		
Common	$3.11	$1.52
Paid	1.50	nil
Working Capital	$	$
Current assets	3,934,615	3,033,793
Current liabilities	1,923,275	1,115,369
Working capital	2,011,340	1,918,424
Balance Sheet Changes	$	$
Cash	85,657	166,319
Accounts receivable	1,166,854	648,609
Funded debt	850,000	900,000

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Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

	Date Issued	—Sold to—	Rate	Due	Amount	Price	Yield
Provincial—							
Quebec	Aug.	Royal Bank, A. E. Ames & Co., and Syndicate	3½%	1957-	$9,725,000	*99½	3.54%
Dominion—							
Deposit Certificates	Aug.	Chartered Banks	¾%	Feb. 9, '43	35,000,000	100	.....
Deposit Certificates	Aug.	Chartered Banks	¾%	Feb. 16, '43	30,000,000	100	.....

OFFERINGS OF CORPORATIONS AND FOREIGN SECURITIES

Bond Issues—	Date Issued	Offered by	Rate	Due	Amount	Price	Yield
Hopital General Saint-Vincent de Paul de Sherbrooke	Aug.	Societe Generale de Finance	3-3½%	1943-59	$330,000	100	.....

*Offering price.

NOTICE

RE PAYMENT OF INTEREST AND DIVIDENDS

Tax Deduction at the Source

In accordance with the provisions of Section 92 of the Income War Tax Act, deduction at the source at the rate of 7% must be made from any amount liable to be paid on or after 1st September, 1942, to an *individual* resident of Canada (other than to a person described in sub-section 12 of the said Section) representing—

1. Interest on a fully registered bond, debenture or other similar obligation.
2. Dividend in respect of any share of stock.

The full amount so deducted must be remitted to the Inspector of Income Tax within one week from the interest or dividend due date.

Remittance Forms TD-2, to be used when remitting amounts deducted at source, may be obtained from any Inspector of Income Tax.

There are penalties for failure to deduct or remit.

Dominion of Canada—Department of National Revenue

INCOME TAX DIVISION

HON. COLIN GIBSON, Minister of National Revenue — C. FRASER ELLIOTT, Commissioner of Income Tax

This Week The Financial Post Asks

What new suggestions have you to offer for putting over the next Victory Loan?

F. J. Brennan

Investment Dealer, Saint John, New Brunswick.

I suggest a nation wide publicity campaign emphasizing the following facts:

Our fighting forces are depending on our civilian forces for all the munitions, equipment and maintenance, therefore, no reason or excuse can justify anything less than full support in the forthcoming Victory Loan.

A series of newspaper articles analyzing the new Income Tax schedules point out that the great majority are not unduly affected.

Savings now should have greater purchasing power after the war.

There should be stronger emphasis on the danger of prolonging the war unless full support is given to the National War Finance Committee.

* * *

G. B. Coyne

Manager, Standard Life Assurance Co., Toronto.

Based on Toronto's experience in excellently organized past campaigns, I would suggest better posters and more colorful speeches and some minor changes in the set up, such as:

1. Fewer salesmen—The now experienced men can cover much more ground than neophytes. Free time only leads to poaching for credits and annoyance to purchasers.

2. Long-wearing shields usable for duration in place of perishable arm bands as insignia for salesman.

3. Purchasers' pins designed to last out the campaign. Former pins were quickly lost or broken.

4. Small plain purchasers' certificates. Few took the large and gaudy forms used in the last campaign and fewer still displayed them.

The above suggestions are in the interests of both propaganda and economy.

* * *

Dr. Thomas F. Donnelly

Member of **Parliament for Kincaid, Sask.**

Due to the large crop of grain in Western Canada, farmers will be able to sell only a small portion of their grain and will have very little cash to buy government bonds. I would suggest, therefore that the government consider the feasibility in Western Canada of accepting grain in excess of the quota as payment for a certain percentage of the bond subscription.

* * *

R. S. Kennedy

Managing Editor, Family Herald & Weekly Star, Montreal.

I suggest similar but intensified efforts to reach every urban individual and much greater and better planned efforts to reach rural areas. Planned efforts should be made to enlist churches, clubs, women's institutes, service clubs, national and local organizations and societies, etc., to raise extra money for investments in bonds, proceeds from which would be used later for post war building, mortgage lifting and humanitarian purposes. I would collect data on such efforts for publicity purposes now. Efforts should be made to see that national as well as local publications have suitable material. Decentralization need not mean a complete absence of publicity service for national and rural publications.

* * *

W. D. Ketcheson

Editor, New Era, Melita, Man.

The build up for the next Victory Loan should leave no room for complacency by Canadians as to the true situation faced by this country at the end of the third year of the war. It would portray forcibly by picture and story the terrible conditions prevailing among the inhabitants of occupied countries. Canadians must be impressed to face the facts that we are far from doing our best.

Bonds exchanged for wheat over and above quota should boost the sales in the West. I would also suggest the purchase of bonds in the names of creditors to retire small loans and offset the extensive effect of the recent budget on the next loan.

* * *

Howard P. Robinson

Vice-president of New Brunswick Telephone Co. and outstanding Maritime financial man.

A grand job was done in the other Victory Loans under the leadership of Messrs. Ilsley, Towers and Spinney with volunteer individuals and groups doing yeoman service which was not even suspected by the general public.

The next loan will meet more sales resistance due to:

(a) Intervention of the tax collector.

(b) A feeling with many that the same drastic economy be practised by the government as now necessary by individuals and

(c) The course of events towards totalitarianism in Canada must be definitely ear-marked as a war measure.

The first of these causes must be taken in our stride. The other two can be eased by action and government pronouncement. The whole-hearted co-operation from a satisfied as well as a patriotic citizenry, including all classes is a prime essential. Some of these problems are largely matters of honest intention and organization.

* * *

Byrne Sanders

Editor, Chatelaine Magazine, on loan to Wartime Prices and Trade Board, Ottawa.

Wave facts as well as flags—picture peril instead of just preaching patriotism—show how fast we are losing this war and why we cannot win without an all-out civilian effort. I would take the pictures of starved tortured Greeks from a recent issue of Life Magazine and would plaster them all over the country to show what the war is in terms of beaten, starving humanity. Make everyone realize it can happen here.

* * *

J. L. Stocker

Mayor, Isle Perrot North, Que.

My suggestion for the next Victory Loan is that you do not make a political issue of it. Too many banquets in the organizing period last time were detrimental to the cause in the rural sections.

* * *

Charles Smart

Editor, The Times, Morden, Manitoba.

It is difficult to point out where any improvement could be made on the plans formulated in the last Victory Loan campaign to add to the effectiveness of the final result. However, the moving picture theatres might be made more use of, not spasmodically but at every performance by special pictures or even just appropriate slides at intervals during the entertainment. On every occasion also where people are gathered together in any considerable numbers the opportunity should be taken to press home the vital necessity of the Victory Loan and feature stories to the newspapers should also be stressed.

* * *

J. F. M. Stewart

Investment Dealer, Toronto.

The next Victory Loan should not be too difficult for the Canadian people. The money is in the saving banks and the pockets of Canadians, and too, the average Canadian will gladly assume a regular deduction from future earnings.

The budget was disturbing not so much in amount of money required, but the amount of payroll deduction for taxes and for savings complicated things. The mental approach must be cleaned up, and what fear and doubt exists must be changed to a feeling of confidence. This can be done by the Minister of Finance and the National War Finance Committee getting the whole story of the budget, the necessity for it, and the reasons why taxes have been raised, placed clearly before the Canadian people.

The taxes must be simply explained and every citizen must be given an opportunity to understand his or her personal responsibility. This can be done and when it is, the Canadian people will not let their war effort down.

Democracy Versus Dictatorship

(Continued from page 1)

adaptation to the new world, they tackled their problems with the most impressive efficiency, solidity and national unity.

There is a wide colorful variety among these democracies. Some, like the Scandinavian, had socialist governments for many years. Others, like the Netherlands and Switzerland, were essentially conservative, Holland to the point of being the only European country where a Social-Democrat was never included in the Cabinet, Switzerland to the point of excluding women from the franchise. Belgium had coalition governments of Conservatives, Liberals and Socialists most of the time.

Nevertheless they were essentially one in the fundamental character of their regimes, regimes of freedom, tolerance, social progress respect for law—the unwritten Magna Charta of Western civilization. There was no decadence, no inefficiency, no corruption, no national disunity. They were the living examples in these two decades more than ever before, of the very best democracy was ever meant for.

Rotten Dictatorships

Where then are the origins of the fable of the decadent, inefficient, and corrupt democracies? The reality is that all European democracies, those which really were democracies in more than name, have shown more strength, efficiency, integrity and capacity to cope with the extremely complex modern problems since the First World War than ever before.

France seems to be the one outstanding exception. But France was by no means an example of efficiency, strength and cleanness of public life before 1914. In fact, the outcome of 1914-18 nowhere interrupted the trend or transformed the historical characteristics of the European nations.

Life has become infinitely more complicated than it was in the gay decades at the turn of the last century. The greater the problems that loom before our eyes, the more we become aware of our inadequate ability to solve them. Democracy with its free press, free speech, free criticism of government actions, actually manifests itself in this criticism. The shortcomings, flaws, differences, crimes and scandals make the headlines, not the daily achievements, the joys, pleasures, virtues and efforts.

Scandals and Inefficiency

All this is different under dictatorship. From occasional glimpses we know that their inefficiencies, scandals and crimes are greater and more widespread than in the democracies, but we are not permitted to learn of them. The whole propaganda machine, the one entirely efficient manifestation of their public life, tells day in and day out of their glorious achievements. The effect of this propaganda on the outside world seems to be much greater than on their own people.

They know better. They have no press or public discussion or legitimate criticism, but they have the grapevine of rumors, their inside stories, and their own experiences, small or big. They know that their leaders, glorified to the world as faultless, omniscient, virtuous heroes and wizards, are corrupt, ignorant, inefficient gangsters whose patriotism consists primarily in amassing personal fortunes, whose efficiency consists in the absence of scruples when issuing orders or imposing fines and penalties.

Wastrels

There is not one among the German political leaders who does not live in an imperial style. They have built or appropriated castles, they have servants without number, they plunder the public museums to decorate their houses. They travel in a sumptuousness that no emperor would have dared show, whether it be Hitler himself, who sets the example, or Goering, who almost disarms his critics by the shamelessness of his extravagances, or Goebbels, whose debaucheries seem particularly offensive because of his puny stature. And thus down through the whole line. The birthday of every Gauletier is celebrated by mountains of gifts offered by his subjects who depend on his whim and grace.

Not a whisper of criticism may escape the closely shut teeth of the victims of a system of general blackmail and extortion sold to the world as an antidote to corruption and inefficiency. From time to time the parties undergo purges, that is, upheavals within the family of demigods, upheavals created by conflicts of jealousy and lust for power within the ruling gang, and then the victorious clique justifies itself by telling the public all about the crimes the defeated clique has committed—until it is their turn again. But after every purge the screen of propaganda is drawn even closer. The last loopholes through which the truth might leak out are carefully plugged, the last vestige of freedom is wiped out.

The Real Record

Not one democracy has been overthrown by antidemocratic forces from within. Not one has succumbed to internal weakness. Democracy can be defeated in a war as well as a dictatorship or any other form of government. And the victor may impose on the vanquished at the point of the sword any regime he chooses. But unless we believe in ordeals as proofs of divine truths, success in arms cannot be accepted as the sole test of superior spirit or value.

The deplorable confusion of the ideas of our time that frightens us to the point of making us credulous of any fabrication is just what the dictators have successfully striven to spread. The root of this confusion is the fundamentally different purpose of the conflicting systems. Democracy is out for peace and progress, despotism for war, internal or external. Democracy is built on the sacredness of human life, despotism on its worthlessness. The happiness of the individual is the supreme goal and the supreme value of the effort of the democratic community. The individual is exposed to ridicule and contempt in despotic regimes.

Caught by Surprise

This is the very contrast that explains the apparent weakness of democracies when they have to meet the first assault of despotism. The civilized world has forgotten how to fight beasts of prey. So long has it been educated in the arts of civilization that it has forgotten that such beasts may yet become rampant. It has never thought of defending itself, as every town and village was prepared to do in the middle ages.

Our civilization was caught by surprise. But the surprise does not prove that this civilization is inferior to tigers, lions and wolves.

Yet when at last democracies rise to act, their action is far superior to that of any despotic regime. When they start to organize, their organization is quicker, more effective, more adaptable, because it is the organization of free men, not of machine power and unwilling slaves. No propaganda tells the saga of what the British people are doing every day. But in every meeting of Parliament some member rises to tell the government and the public what is wrong, inefficient, and muddled in its actions, while for 20 years every other wall in the dirtiest village in Italy was smeared with the inscription, "The Duce is always right," and Hitler in every speech is commending himself to his people as the infallible tool of Providence. Where is the strength and where the weakness?

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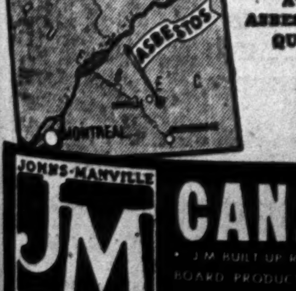

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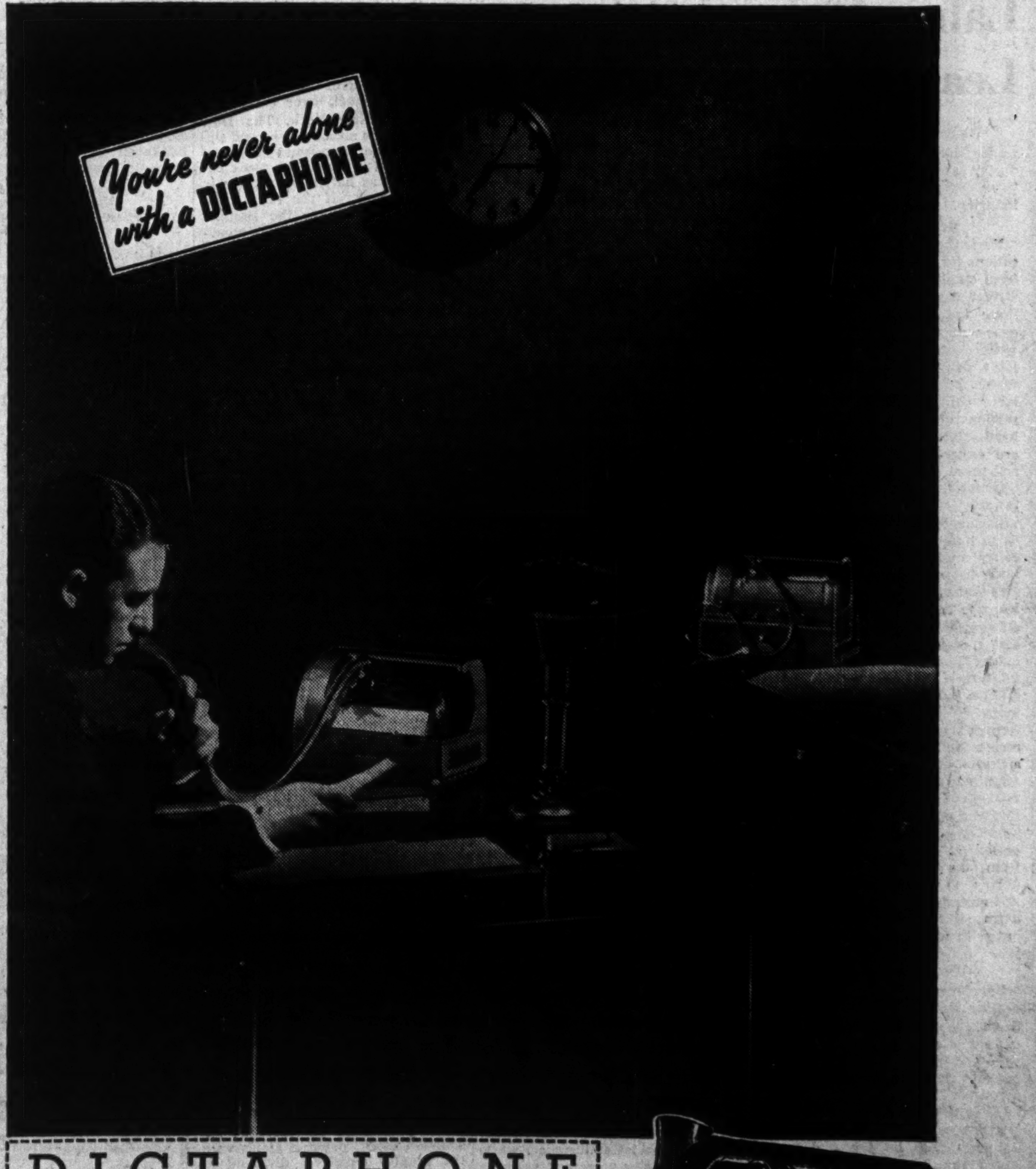

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How the Other Dominions Pay for War

Australia and New Zealand War Costs Run at High Rate

With most Canadians wondering how they are going to meet the new war taxes, it will be of more than usual interest to take a look at what our sister dominions are doing on the financial front.

Last October, Australia budgeted for a war expenditure of £221 millions (the Australian pound is equivalent to $3.60 in Canadian funds), for the year ended June 30, 1942. When Japan came into the war, the ante was pushed up to £270 millions. Actually, the government spent £319 millions. Australia's 1942-43 budget won't be down for another month or so yet, but Canberra advices indicate that war costs this year will be estimated at something around £500 millions.

Australia has a population of some seven millions. On the basis of a population equal with that of Canada, and at current foreign exchange rates, Australia's war costs in 1941-42 is equivalent to $1.6 billions, and for the present fiscal year, an expenditure equivalent to $2.4 billions is anticipated That compares with Canada's estimate of 1942-43 war expenditures of around $3.3 billions.

Cut Non-War Costs

Where Canada might well draw a lesson from her sister in the Antipodes lies in the fact that Australian expenditures on non-war activities last year were £2 millions below estimate. This result was achieved in the latter half of the year under pressure to divert manpower, raw materials and capital into war production. A similar saving in Canada would mean another $10 millions for the war effort.

Illustrating the Australian drive for greater war production was Premier John Curtin's recent statement that 318,000 new workers would be required for war purposes before Christmas. Already, 110,000 of this number have been transferred. Regimentation of female labor is playing a big part in production plans. Before Christmas, this year, 60,000 new women operatives will be drafted for war work.

These large scale withdrawals from Australia's comparatively small labor pool have brought in their wake severe rationalization of non-war industries, elimination of overlapping services and activities, and restriction of civilian markets by rationing. The two-pronged rationing policy restricts supplies in bulk by establishing specified production quotas, and curtails individual purchasing capacity.

So far, all loans floated by Australia have been oversubscribed.

New Zealand Spending High

A somewhat more detailed idea of how New Zealand plans to meet its 1942-43 financial obligations is made possible through presentation of a statement by the Acting Minister of Finance.

In 1942-43 New Zealand plans to spend on the war £133 millions, as compared with approximately £53 millions last year. New Zealand has a population of some 1.6 millions. Making allowance for this difference in size and the current exchange rates, New Zealand's war costs this year would work out to about the same rate as Canada's.

New Zealand is splitting its war allotment as follows: army, £97 millions; navy, £10 millions; air force, £19 millions; civil £7 millions.

Of the £133 millions war bill, £27 millions will be provided from the revenue side of the war account, leaving £106 millions to be found elsewhere. Intention is to borrow £46 millions from the United Kingdom, participate in lease-lend assistance up to £10 millions, and obtain the remaining £50 millions from sources within the country.

Increased war taxation is expected to yield £14.4 millions, this taking the form of increases in the super tax, national security tax, luxury sales tax, and increased duties and taxes on beer, wines, spirits, cigarettes and tobacco.

To Borrow £35.6 Millions

Borrowings from the public are to produce £35.6 millions. It is expected that the existing national savings scheme, together with state departmental funds will yield £8 millions, leaving £27.6 millions to be raised by war loans.

New Zealand's former rate of super war tax added 15% to assessed income tax on earned and unearned income, both personal and corporate. This is now increased to 33 1/3%, and is payable on last year's income.

The increase in national security tax from one shilling to one shilling sixpence in the pound will be payable on all incomes, including company profits, for the balance of this year. With the one shilling social security charge on all wages and incomes, the direct charges in this respect will now total two shillings sixpence on the pound, against two shillings previously.

New excise duties on beer are to increase revenue and lower the alcoholic content of the beverage. The increase in customs duties is at the rate of one shilling threepence per gallon. Tariff on spirits is increased by 50% to 60 shillings per gallon. An additional twopence per packet of ten is to be charged on cigarettes, while tobacco costs fivepence more per ounce.

Increase Sales Taxes

Both Australia and New Zealand increased their sales tax schedules, effective May 1, 1942. In Australia, the rate of sales tax applicable to goods in general, imported and domestic, was increased from 10 to 12½%, while the rate on luxury and less essential commodities was increased to 25%. The category subject to 5% tax was abolished, and many of the articles formerly included in that class were added to the list of goods exempt from sales tax. This latter group includes equipment for the fishing industry, drugs and medicines, surgical appliances, scientific equipment for educational institutions, etc.

The increase in general sales tax rate from 10 to 12½% is expected to yield some £5.2 millions additional revenue. The increase from 20 to 25% in sales tax on non-essentials is expected to yield an additional £1.3 millions. Loss in revenue from goods now exempt from sales tax is estimated at around £290,000, leaving a net gain of £6.3 millions.

When applied to imports into Australia, sales tax is calculated on the duty-paid value of the goods plus 20%.

New Zealand, effective May 1, 1942, increased the general rate of sales tax on imported and domestic goods from 10 to 20%. This, however, does not affect a number of commodities which continue to be subject to 10% sales tax. These items include apparel, woollen blankets, woollen piece goods, woollen yarns, footwear, sole leather, baking powder, roasted coffee, tea, timber, cigars and tobacco.

The New Zealand sales tax on imports is calculated on the duty-paid value of the goods, increased by 25%. Rate of taxation was increased from five to 10% June 28, 1940, and now has gone to 20%.

The Shareholder

There will be no strings attached to the refundable portion of the corporation and excess profits tax when it is returned at some future date to the companies making the contribution. Unlike the personal forced savings, where 2% interest is allowed, corporations are allowed no interest on their forced contribution but they will be free to do what they like with this sum when they get it back. If a board of directors so decides, there will be nothing to prevent them distributing this refundable tax in dividends. But it may easily happen that relatively little of it will be so distributed. Everything will depend on conditions after the war—on how difficult it proves for individual companies to switch back to their regular lines of production and related matters.

• • •

Justification for keeping a stock exchange open in wartime is the subject of considerable discussion in London at present, although it hardly appears that serious consideration is being given to closing it. Canadians are well aware of excellent reasons for keeping stock exchanges open.

Without the service of the exchanges share holdings would lose value even if an informal market were to develop on an over-the-counter basis. It is through the free working of the judgment of buyer and seller that prices are determined for shares, a condition that should apply as much during wartime as any other time. There is not the slightest evidence that stock markets are doing anything to hinder the war effort; money placed in stocks is money kept from buying scarce consumer goods, thus contributing to inflation.

Maintain Dividends At Bank of Toronto

The increased excess profits tax which leaves banks like other corporations with only 70% of their average earnings for the four prewar years 1936-39, is obviously responsible for general cuts in bank dividends. The Bank of Toronto alone has expressed its intentions to continue to pay the same dividend as heretofore.

Earnings Ample

This it is able to do because the bank's average profits over the standard period of four years 1936 to 1939 inclusive left a surplus or margin over all charges which was carried to reserve. Accordingly, with earnings being maintained, 70% of prewar profits still leaves a sufficient amount to enable the bank to continue regular dividends of 10%. This rate represents a yield of 3.24% on the shareholders' funds consisting of capital, rest, and profit and loss account.

The paid up capital is $6 millions, the rest fund $10 millions and the undivided profits $2.5 millions, a total of $18.5 millions. This means the bank has, all told, $18.5 millions of shareholders' funds and pays a dividend on only $6 millions, the total amount of capital issued.

Built Up Reserves

Surplus earnings over dividends have been placed in reserve together with premiums paid for treasury stock, issued to shareholders, the average price at which capital stock was issued being $167.90 per share. This practice has safeguarded not only the position of the bank's depositors but the shareholder's investment as well.

That the accumulated reserves represent the investment interest of the shareholders is often overlooked.

This point was stressed by Finance Minister Ilsley in the House of Commons on June 1 when on request he presented a table of earnings of the Canadian chartered banks.

Shareholders' Investment

Total shareholder investment, he pointed out, includes capital paid up, reserve funds and undivided profits and he stated, the percentage of earnings to this total reflects for all practical purposes the real relationship of final net profit to total shareholders investment. Said Mr. Ilsley further:

"The percentage of profits to capital paid up alone is necessarily a nominal or arbitrary one only (although sometimes incorrectly used as a measure of earnings), as other shareholders' funds also go to constitute the entire capital owned and at risk of shareholders."

Shareholder's Funds

The accompanying table shows the shareholders' funds of the different banks on this basis including paid up capital, rest and undivided profit.

Shareholders' Funds
Millions of Dollars
Fiscal Years Ending in 1941

	Capital paid-up	Rest	Undivid. profits	Total
Montreal	36	39	1.1	76.1
Nova Scotia	12	24	1.3	37.3
Toronto	6	10	2.5	18.5
Provincial	4	1	.2	5.2
Commerce	30	20	.8	50.8
Royal	35	20	3.2	58.2
Dominion	7	7	.9	14.9
Nationale	7	5	.2	12.2
Imperial	7	8	.7	15.7

B.C. Packers Earns $3.11 on Common

Earnings Double Last Year Following Best Catch Since 1930

With the British Ministry of Foods taking the entire B. C. salmon pack for 1942, British Columbia Packers Ltd. are launching an advertising programme to keep their brands before the public. Canadians will only be able to purchase dealers' carryover stocks while the present agreement is in force, according to H. R. MacMillan, president.

Salmon pack for 1941 was 55% above 1940 and reached the best level since 1930, partly explained by the canning of salmon grades formerly shipped frozen. Production of pilchards for the province rose to 51,553 tons against 28,770 tons the year before with a corresponding jump in output of fish oil and meal. Demand for vitamin concentrates also led to an increase in greyfish liver oils produced.

For the year ended April 30, 1942, B. C. Packers earnings mounted to $3.11 per common share, more than twice the figure for 1941. Details of the financial statement for the year will be found elsewhere in The Financial Post.

Geo. Weston Ltd. Earnings Higher

Earnings of George Weston Ltd. extended the gain shown in the first quarter of 1942, the report for the half year reveals. After allowing for sharply increased taxes, net for the common stock in the first six months of 1942 is reported at 59 cents per share against 50 cents last year.

Comparative figures are as follows:

Earnings Statement
Six Months Ended June 30

	1942 $	1941 $
Net oper. profit	818,455	551,726
Less: Depreciation	188,109	142,192
Inc., E. P. tax. (est.)	346,690	163,814
Net profit	283,656	245,720
Less: Pref. divd.	45,056	43,750
Bal. for common	238,600	201,970
Earns. per Com. Share	$0.59	$0.50

Cariboo Gold Quartz showed an increase in production in July as follows:

1942:	Tons milled	Tons daily	Recov. per ton	Total recov.
July	7,239	233	$15.35	$111,111
June	8,445	281	12.11	102,294

Simpsons Ltd. Calls Preferred Stock

To Offer $135 in Cash or 4¼% First Mortgage Bonds

A plan permitting retirement of such 6% cumulative preference shares of the company as remain in the hands of the public has been approved by both preferred and common shareholders of Simpsons Ltd.

Application for sanctioning the plan will be heard by the court on Sept. 8. This will give 100% ownership to Simpsons, Ltd., which already owns all the common shares of Robert Simpson and, as at Jan. 7, 1942, held all but 1,734 of the 33,500 preference shares outstanding of that company.

It is planned to call the remaining outstanding cumulative preference shares at 135 and accrued dividends, with the holder having the option of accepting cash of $135 par value of 4¼% first mortgage and collateral trust bonds of Simpsons, Ltd.

Labor Unions' Drive Leads Ottawa Action

(Continued from page 1)

assure that wages paid in war industry are generally higher than those prevailing in non-essential industry.

New Policy Coming

Recently the majority of applications for higher wages have come from employers who are seeking to attract more workers or to retain those they already have. To help cope with this problem of migrating workers shopping around for the job which will pay them the highest wages, new regulations and a new labor policy bringing complete direction of manpower under one head—National Selective Service—are expected to be announced at any time.

Generally the official viewpoint toward such matters involving wages and hours or conditions of work has been that wartime emergency conditions are not the proper time to seek such changes. It is said that a frequently noted demand today is for holidays with pay for all workers. On this point the general thought seems to be that, no matter how desirable such conditions may be under ordinary conditions, this is not the time to make them effective. There is also a frequent conclusion that the real reason for such demands today is as a means of increasing pay through overtime perhaps, rather than to recognize the ordinary argument in favor of holidays—that they are required to recoup the worker from prolonged, steady work. This arises from the not unusual offer of unions to permit their members, and of employers to agree to accept extra pay for the requested holiday but with workers to remain on the job.

Winnipeg Conference

Developments of interest to those dealing with labor matters are expected to arise out of the Trades & Labor Congress in Winnipeg next week. It is considered as quite possible that delegates will vote opposition to the whole matter of wage ceilings. Another controversial matter almost certain to be discussed is said to be the manner in which the labor department conducts strike votes in cases where employees have rejected a recommendation made by a conciliation board. Present regulations make a strike legal, following rejection of a conciliation board recommendation, if a majority of those eligible to vote go on record as favoring a strike. This provision means that the indifferent worker who does not bother to vote in actual effect is opposing the strike vote so long as labor department representatives have placed his name on the eligible list.

It is feared that the whole operation of National Selective Service will meet with widespread criticism at the Winnipeg meeting. To help meet this criticism, and particularly to explain to the labor leaders and delegates the government's policy on the matter and the necessity for it, Elliott M. Little, director of National Selective Service, is to address the congress.

The whole question of wage differentials has come very much into the public view recently, pushed by the competition between plants for workers and aggravated by prospective shifts of workers from non-essential industries to essential ones.

Wage Differentials

This is far from a new question but it is not one that has ever been effectively settled in Canada. As a general rule this question of uniform wages gets the support of labor unions. Perhaps some evidence of this is the current action of the United Steel Workers of America (formerly Steel Workers Organizing Committee) seeking a uniform minimum hourly wage of 55 cents an hour in such widely separated points as the Algoma Steel Corp. at Sault Ste. Marie, Ont., and Dominion Steel & Coal Co. at Sydney, N.S. Another example is the demand of Quebec labor unions for the same rate of wages as paid in Ontario for similar work, a demand which would most likely be followed by action of Ontario unions to obtain restoration of the long-established differential.

Uniform Difficulties

A serious attempt was made early in the war to establish uniform wages for the aircraft industry across Canada. This effort soon broke as a result of individual agreements made between companies and their workers.

Actual cases of national organizations securing national wage agreements are given by the railway workers and the national joint conference board of the construction industry. The latter instance, while arranging major wage and working condition policies on a national scale, makes definite recognition of wage differentials as between different cities.

Canadian practice in this regard is greatly different from that of Great Britain where it is recognized practice for wage agreements to be negotiated between a federation of manufacturers and national labor union headquarters. This results in nation-wide agreements but continues the use of wage differentials.

Market Opinions

Barrons, New York, The Trader: —To additional and important dividend reductions last week, investors and speculators paid little heed. It can almost be dogmatically asserted that dividend reductions per se have ceased to be a real market influence.

Chief reasons for the market disregard of dividend reductions is undoubtedly the realization of ultra conservative reserves for taxes or contingencies which the major corporations of the country are setting up. Cautious accounting always finds its reward in investor esteem.

Action of the market itself in ignoring bad news and quietly responding to good news is its own best recommendation of the long told advantages of stock over cash.

Barron's, New York, The Dow Theorist—The minor downtrend signalled by the Dow-Jones industrial and railroad averages the week before last, was halted by a rally in the past week. If the rally takes both averages above the summer high, it will represent merely a continuation of the secondary uptrend which began at the end of April.

Volume of trading again suggests last week that the line of least resistance is up. When prices rose, turnover expanded. Buying interest is at a low ebb, however, and the rise quickly petered out.

Financial World, New York—Ability of the market to perform in such comparatively satisfactory manner during recent weeks, amidst a welter of adverse developments, strongly suggests that a change in the complexion of the news would be accompanied by a resumption of the upward trend. But whatever the price pattern of the immediate future, the longer term outlook provides adequate warranty for the retention of well-selected stocks, and periods of price weakness can be utilized to add to existing holdings.

Business Improves For Stedman Bros.

Declare Common Extra of 30 Cents Despite Heavy Tax Load

Business of Stedman Bros. Ltd. for the current year to date has been running ahead of the same period a year ago, but higher taxes and the cost-of-living bonus have affected profits. Due to the new rates of excess profits taxes, which became effective July 1, 1942, profits for the current year will be lower than in 1941, it is learned from officials.

Earnings in 1941 totalled $3.17 per share on common, the best figure on record, compared with $2.85 on common in 1940.

The company, like many other organizations, is experiencing difficulty in obtaining merchandise. Many lines are now hard to secure, although other items are still available in sufficient quantity.

An extra dividend has been declared of 30 cents per share on the common stock, payable along with the regular quarterly dividend of 15 cents per share on Oct. 1, 1942, to shareholders of record Sept. 19; ex-dividend Sept. 17. Together with the extra of 30 cents per share paid April 1, 1942, this brings bonus payments in the current year to 60 cents per share, the same amount as paid in 1940 and 1941.

Sturgeon River Gold Mines experienced higher production in July as shown below:

1942:	Tons milled	Tons daily	Recov. per ton	Total recov.
July	1,612	52	$28.09	$54,278
June	1,288	43	30.30	39,030

Significant Investors' Index Numbers

(Base 1935-39—100)

No. of Securities	Mach. and equip. 8	Pulp and paper 7	Milling 3	Oils 4	Textiles and clothing 10	Food and allied prod. 12	Beverages 7	Bldg. mater. 15	Power and traction 15	Banks 8	Total utilities 19	Total co's. 95
1929-41:*												
High	345.7	564.5	322.3	212.5	168.2	123.2	163.1	202.1	297.5	160.9	329.3	180.5
Low	68.5	59.8	63.4	46.5	76.0	76.9	67.0	71.2	60.3	83.6	65.2	63.9
1942: Monthly Figures:												
Jan.	74.3	71.9	74.5	45.9	112.8	88.7	99.2	75.1	64.4	91.1	70.4	66.8
Feb.	73.4	69.3	69.7	43.6	108.7	85.5	96.3	73.9	62.1	91.1	67.7	64.7
Mar.	69.7	66.1	70.9	41.2	104.3	75.8	92.8	74.0	62.0	89.4	67.5	62.3
Apr.	70.6	63.2	69.6	41.4	102.4	74.2	93.1	73.9	60.2	88.4	66.3	61.1
May	74.7	61.1	70.5	43.2	104.3	73.5	94.2	75.7	60.7	87.4	66.4	62.0
June	76.2	61.1	69.6	44.5	106.6	73.9	93.6	76.8	64.3	87.7	68.1	62.8
1942: Weekly Figures:												
July 2	75.2	59.1	68.8	43.3	103.7	72.4	92.4	75.7	62.9	87.4	65.8	61.2
July 9	77.8	59.9	69.8	47.4	102.3	76.4	95.3	76.3	65.3	85.8	68.7	63.6
July 16	77.1	59.5	66.5	46.5	101.8	75.4	95.2	75.7	64.3	84.9	67.0	62.4
July 23	76.0	58.8	63.2	46.2	100.3	75.8	95.7	75.3	65.3	80.4	68.0	62.0
July 30	75.5	57.2	61.6	46.4	97.1	76.0	95.9	73.9	65.7	75.6	67.5	61.4
Aug. 6	75.4	57.5	61.3	46.1	97.2	76.3	97.4	74.3	67.1	75.4	67.7	61.5
Aug. 13	76.1	58.0	61.6	46.7	96.0	75.3	98.5	74.1	67.7	72.4	68.2	61.5

*High and low for years from 1929 to 1941 inclusive are based on weekly figures issued by Dominion Bureau of Statistics. For 1929 to 1938 inclusive the base is 1926—100; for 1939 and subsequent years the base is 1935-39—100.

Toronto Stock Exchange Index

	20 Indust.	20 Golds	10 B.M.	15 W.O.
Aug. 18	85.52	60.12	59.12	15.66
Aug. 17	85.14	60.24	59.24	15.65
Aug. 15	84.92	60.00	59.22	15.79
Aug. 14	84.54	59.92	59.23	15.66
Aug. 13	84.13	60.35	59.10	15.59
Aug. 12	84.41	59.87	59.14	15.59
Month ago	84.79	62.73	59.85	16.05
Year ago	93.03	100.40	68.69	19.36
High 1942	93.50	83.71	71.01	18.86
Low 1942	79.85	59.87	58.97	15.59

Montreal Stock Exchange Averages

	10 Util.	20 Ind.	30 Chd.	10 Pprs.	15 Golds
Aug. 18	43.1	53.8	50.2	49.68	38.53
Aug. 17	43.5	53.7	50.3	50.58	38.57
Aug. 15	43.6	53.8	50.4	50.97	38.57
Aug. 14	43.4	53.8	50.3	51.39	38.65
Aug. 13	43.1	53.6	50.1	51.57	38.65
Aug. 12	43.2	53.6	50.2	51.38	38.85
Month ago	43.2	55.4	51.3	52.74	39.79
Year ago	44.5	59.4	54.4	74.38	71.46
High 1942	44.8	60.5	54.7	77.18	54.82
Low 1942	39.6	53.6	50.0	49.68	36.94

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Province of Quebec—
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THE WAR TODAY

John Collingwood Reade

One of the best informed war commentators writing for the daily press today is John Collingwood Reade. Mr. Reade knows intimately the terrain he discusses as he has visited most of the countries in Europe, not once but several times. Recently he travelled by bomber to Britain where he talked with war leaders and saw at first hand all the gigantic preparations under way for both defensive and offensive action.

Under the heading "The War Today," Mr. Reade analyses and interprets each day's war news. His remarks are given extra value by reason of the new-type, large-scale war maps — brought up-to-the-minute each evening.

"The War Today" with its accompanying maps is to be found every morning on page three of The Globe and Mail. It is a thoughtful, informative feature which no thinking person should miss.

The Globe and Mail

At your home before 7 a.m.

Bond Redemptions

Bond Issues:	Rate	Year	Due	Price
Paton Mfg. ...	‡4½%	1956	Sept. 1	103
Gt. W. Sad'y	6%	1948	Sept. 1	105
Northern Tel. ..	4%	ser.	Sept. 1	101¼
Int. Paper, "A"	*6%	1955	Sept. 1	105
Pac. Petrol.	6%	1945	Sept. 1	100½
Prov. L. H. & Pr.	†5%	1946	Sept. 1	105

‡$12,500. *$431,000. †$72,000.

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INDUSTRIAL EXECUTIVE

EXPERIENCED in management and production in mechanical and electrical industry in United States and Canada. Canadian, available in two months. Box 44, The Financial Post, Toronto.

Notice to Debenture Holders of the CITY OF BRANDON and the SCHOOL DISTRICT OF BRANDON NO. 129 MANITOBA

In accordance with the PLAN of Adjustment of the Debenture debts of the City of Brandon and the School District of Brandon No. 129, the Municipal and Public Utility Board of Manitoba have fixed the Fifteenth day of September, A.D., 1942, as the date upon which the old Debentures and coupons will be exchangeable for the new Debentures, coupons and cash settlements pursuant to the provision of the Plan.

INSTRUCTIONS FOR EXCHANGE

Debenture holders, accordingly, are requested to forward their Debentures together with all unpaid interest coupons, both matured and unmatured, to the IMPERIAL BANK OF CANADA, BRANDON, MANITOBA, for exchange. It is suggested that the Debenture holder should conduct the exchange through his or her own local Banker.

O. L. HARWOOD,
Supervisor,
City of Brandon

WAR CALLS FOR THRIFT

When the government wartime programme calls for money, be prepared. Be in a position to write your cheque. Have a balance in your savings account, constantly growing. Open an account with the Canada Permanent and make deposits regularly and systematically.

2% on Savings—Safety Deposit Boxes $3 and up —Mortgage Loans.

CANADA PERMANENT Mortgage Corporation
Head Office, 320 Bay St., Toronto
Assets Exceed $66,000,000.

How to Deduct New Income Tax

Forms Should Be Filed With Employers Immediately

Instructions, specimen forms and tables of the deductions to be made when income taxes are collected at the source are now going forward to Canadian employers. First deductions are to be made from the first pay in September.

Employers are responsible for making the deductions from salaries or wages. Employees other than single persons, making no personal savings are responsible for filing with the employer a form TD 1 giving information which will prevent undue deductions being made.

Probably the first responsibility of both employer and employee is to see that this form is filed. In many cases, employers are getting quantities of the necessary blanks and distributing them to the employees to fill in. Where this is not being done, employees can get the necessary forms at local income tax offices, post offices etc. In Toronto one day this week 200,000 forms, it is reported, were received and all gone before night.

Essential Information

These forms provide the employer with the necessary information as to marital status of the employee, number of dependent children and savings of the approved types he may be making.

Until this form is completed the employer will make the deductions as if the employee were a single person making no personal savings of the approved types.

The employer after making the deductions according to the tables provided, must make a remittance return to the government within one week after the close of each pay period.

There are three sets of tables covering employees paid by the day, by the week and by the month. Where payments are made every two weeks the weekly table should be taken and the figures multiplied by two. Where it is semi-monthly, the monthly figures in the table provided should be divided by two.

Two Main Columns

The table of deductions is divided into two main columns showing:

1. The total tax including the refundable or savings portion.

Sample Deductions on Monthly Scale

Monthly Income	Single No Dependents Total Tax	Single No Dependents Savings Portion	Married No Dependents Total Tax	Married No Dependents Savings Portion	Married One Dependent Total Tax	Married One Dependent Savings Portion	Married Two Dependents Total Tax	Married Two Dependents Savings Portion
75.00— 77.49	7.63	5.06						
100.00— 102.49	15.21	7.20	.60	.60	.60	.60	1.06	1.06
175.00— 175.99	40.27	12.60	29.78	15.75	22.79	13.75	15.80	9.71
200.00— 204.99	49.23	14.40	38.84	18.00	31.85	18.70	24.87	14.66
225.00— 229.99	58.30	16.20	48.03	20.25	41.04	22.27	34.05	19.67
250.00— 254.99	68.16	18.00	58.00	22.50	51.01	24.75	44.02	25.07
275.00— 279.99	80.50	19.80	67.96	24.75	60.97	27.22	53.99	29.70
300.00— 304.99	90.58	21.60	77.93	27.00	70.94	29.70	63.95	32.40
350.00— 354.99	110.87	25.20	97.98	31.50	90.99	34.65	84.01	37.80
400.00— 404.99	132.83	28.80	119.72	36.00	112.73	39.60	105.74	43.20
450.00— 466.66	154.80	32.40	141.45	40.50	134.46	44.55	127.47	48.60
500.00— 520.82	178.04	36.00	164.46	45.00	157.47	49.50	150.48	54.00
600.00— 604.16	226.48	43.20	212.43	54.00	205.44	59.40	198.45	64.80
800.00— 812.49	326.87	57.60	311.90	72.00	304.89	79.20	297.91	86.40
1,000.00—1,041.66	432.73	66.00	416.82	75.00	409.83	82.50	402.84	90.00

2. The savings portion. This shows the maximum amount of savings which a taxpayer can have in reduction

In making the tables the authorities have first worked out the total tax including the savings portion due. The savings portion is calculated and when this is deducted from the total tax for the year, the remainder is the nonrefundable part of the tax.

As the system of deducting taxes at the source aims at securing 90% of each part of the total tax, 90% of both the non-refundable part and the savings portion should be determined.

But as the employee has already had National Defense Tax deducted from his salary for eight months of the year he is entitled to credit for this amount.

This is deducted from the 90% of the non-refundable part of the total tax. The remainder plus the savings portion makes the total tax to be deducted.

This amount divided by the number of paydays in the year gives the total deduction due each time.

The savings portion divided by the same number shows the savings part deductible each pay. The difference between the total tax deduction and the savings portion gives the non-refundable portion for the period.

Of course if the taxpayer has personal savings of an approved type he is allowed to offset these against the savings portion deductions.

If the personal savings in insurance premiums, mortgage principal payments etc. are larger than the savings portion allowed, the excess will be ignored, and the total tax will be reduced by the savings portion shown in the table only.

If the personal savings by the employee are equal to the savings portion the employer will make no deduction under this head and the total tax will be reduced by the amount of the savings portion.

When the personal savings by the employee are less than the savings portion allowed, the personal saving will be deducted from the total tax and the remainder will then be deducted from his pay.

Employees and retired employees over 65 will have deducted only the total tax less the savings portion if their salary, wage or pension is less than $5,000 a year.

In cases where an employee is allowed his pension fund payments as a deduction from his salary in calculating his income tax, his salary for estimating his income taxes will be reckoned by taking the gross salary less the pension fund payments. The minimum deductions allowed for pension fund payments is $300 a year.

In addition these payments to an approved pension fund are allowed as a personal saving whether over $300 or not.

Altogether the new plan calls for co-operation between employee and employer in making the new system work smoothly.

The Bondholder

Quebec's new refunding issue is stated to have found an even more receptive market than the similar issue of a month or so ago.

The improved position of the province accounts directly for the better market. Under Treasurer J. A. Mathewson's regime economies have been general and are beginning to show in a $15 millions reduction in direct obligations since the end of March, 1941. As late as two years ago, Quebec offerings were inclined to drag slightly. Although the province was committed to a policy of thrift, it has not been until this year that the fruits of that policy have been fully apparent.

• • •

International Hydro-Electric 6% bonds of 1944 appear to be taking a breather around the 45 mark after their spectacular rise. For the time being, a number of investors appear to feel that although the break-up value of the bonds, and the potential earnings after the S.E.C. winds up the company may justify higher prices, there will be considerable delay before these expectations materialize.

Investment men calculate that the Gatineau stock held by International Hydro is worth some $37 on each $100 of bonds, and that other holdings, which cannot be as closely valued, may add another $20 or $30 to the break-up value. Income of the system from dividends is estimated at $5.60 per $100 of bonds.

These calculations would appear in normal times to justify a price substantially above $45 for the existing bonds, and further price advances may well materialize. But since war has governed security markets, investors have been notably unwilling to discount the future.

In the case of the M. & O. and Brown reorganizations, well-founded estimates of earnings potentialities were more or less generally ignored until the reorganized concerns were able to demonstrate their improved earning powers. In the case of International Hydros, there will doubtless be many who will prefer to withhold buying until the S.E.C. has done with the company.

• • •

Absence of speculative interest is to be expected under wartime conditions, and even in normal times, bond buyers are not a speculative breed. Added to this is the fact that perhaps a majority of bond traders and dealers have been away from their desks since the beginning of June on War Savings work. Few dealers are willing to take a position in a security when they may be prevented from liquidating by a rush call to their War Savings territory.

Bond men report that the work of supervising their territories for War Savings work is considerably stiffer than the Victory Loan work in some respects. War Savings involve steady local pressure, there is not the backing and competitive spirit of a nation-wide Victory Loan drive, and the local committees have found the going heavy following the budget. All of which boils down to greater demands on the district organizers and consequent frequent trips to the territory.

Further Cut Coming

(Continued from page 1)

U. S. in the move to save metals. In the U. S. the conversion programme was the important thing, so the conversion of large existing plants came first. Second came the closing of plants to get skilled labor and third the closing of plants to save materials.

In Canada the first consideration was closing of plants to save critical materials. Second, closing plants to secure skilled labor and third, the conversion programme.

Checking on Shortages

Questioned as to the location of bottlenecks in supply of metals and of certain finished articles, it was explained by one official that these often developed because of diversion of effort temporarily to other commodities.

For instance the recent nail shortage was due to the fact that the mills were rolling more sheets than bars. So, in order to catch up on nails, there is to be a curtailment on barbed wire and fencing so that some hundreds of tons more bars can be diverted into nail production.

The iron scrap situation in Canada is tight, but not as bad as steel scrap, of which only about 75% of our war requirements has been available.

The Canadian bicycle industry may be further curtailed because of the limitation on production in the U. S. of frames, pedals, etc., which have heretofore been imported from that country.

Restricted to Repairs

At least part of the reason for freezing of electrical stoves in Canada has been the shortage of Nichrome wire due to the fact that the U. S., on which we depend for this product, has restricted this commodity to repair parts. Stocks were frozen in Canada to find out how many stoves there are in this country and then regulations will be adopted as to who may qualify to buy the available supply. Consideration will be given where premises are wired for an electric range and no gas is available. The same plan may shortly be extended to other articles of electrical domestic appliances.

Wood for Beds Scarce too

The U. S. restrictions on metal beds is now being studied in Canada. It is estimated that some 7 million feet of hardwood would be needed to take the place of metal for bed manufacture, and this hardwood being about as scarce as steel, it is thought likely the Canadian restriction will be different from that imposed in the U. S.

It was emphasized at the conference that every Canadian Controller has an opposite in the U. S. administration with whom he works in the most cordial and co-operative relationship.

Answering a question as to why steps were not taken to stimulate primary production of metals to overcome bottlenecks and avoid the necessity for so many curtailments in finished products, Mr. Cruikshank stated that it had been found in the U. S. that so much steel and other critical materials were needed to build the necessary mills that it was thought inadvisable to proceed with such expansion. He added that the supply of base metals was constantly increasing.

Would Rather Keep Factories Going

Questioned as to how far encouragement would be given for plants to maintain operations with other than critical materials, an official of the Board stated that this was based entirely on how essential was the need for the product and also on the question of labor. He explained that the Board worked with the Selective Service organization. "We would rather keep factories going and have people employed than throw them out of employment if it is avoidable" he commented.

Alternative materials were shown to be in extensive use now in place of metals for such things as switch plates, kick plates for doors, reflectors in lighting fixtures, etc. A new non-rubber insulated cord is now available. Considerable restriction has been applied on replacement of lighting fixtures because many of the newer types are large consumers of metal.

"A Rose by Any Other Name"

Manufacturers were said to be co-operating well with the wartime requirements in most cases. There have been some instances which have added a little humor to the situation for the Administrators. For instance one manufacturer in reading about the banning of trays for household use, enquired if he could continue to make a certain tray if he put handles on it and called it by another name. When the idea of essentiality was explained to him as the basis for the order, he didn't press the point.

Concentration of Industry

Asked about the trend toward concentration of certain types of production in a limited number of factories, following the British and U. S. example, one official of the Board intimated that from his own personal study of the situation, it had some drawbacks. It was said to have been adopted in connection with certain agricultural equipment in the U. S., and it developed that freight charges were higher than formerly in the case of plants located far from centres of consumption. This had made necessary the breaking of some price ceilings.

Congested Areas Get Attention

Questioned as to whether there would be sympathetic attention to the needs of areas in which there has been a great expansion in population due to heavy war production and where water supply and sewage extensions are required, an official of the Board replied:—"In the U. S. there are certain Defense Areas which receive special consideration. We do not designate them in just that way, but I believe there would be a relaxation on critical materials where a definite need was shown for equipment. A permit could be secured and the recommendation of local health officials would carry some weight."

Retailers to Report Shortages

Retailers are being encouraged to report any distinct shortages of supplies of merchandise, with a view to helping the Administration deal with the question of possible reallocation of goods.

Mr. Prendergast emphasized that it was not the Board's policy to make things hard for businessmen, but just the reverse. Every attention was being given both from the standpoint of availability of materials and the question of labor, to keep things running on as even a keel as possible.

The Ontario Municipal Board

NOTICE IS HEREBY GIVEN that the Board of Trustees for the Roman Catholic Separate Schools for the City of Ottawa has become subject to the provisions of Part III of "The Department of Municipal Affairs Act" (R. S. O. 1937, C. 59) by an Order of The Ontario Municipal Board bearing date Eleventh day of August, A.D., 1942, and from and after the first publication of this Notice in the "Ontario Gazette," all actions or proceedings against the said Board of Trustees for the Roman Catholic Separate Schools for the City of Ottawa are stayed, and thereafter no action or other proceeding against the said Board of Trustees shall be commenced or continued, nor shall a levy be made under a Writ of Execution against it without leave of The Ontario Municipal Board.

Dated this 14th day of August, A. D., 1942.

M. B. SANDERSON,
Acting Secretary of the Ontario Municipal Board.

Capital Enters Canada Five Times Faster

Securities Trade for First Five Months Brings in $50 Millions Against $10 Millions in 1941 —U. S. Purchases Exceed British Sales

To the end of May, 1942, Canada's international trade in securities has brought more than five times as much capital into the country as in the same period in 1941, according to the Dominion Bureau of Statistics report.

Net sales of securities for the five months reached $51.3 millions against $10.1 millions for the 1941 period. Returns for May ($7.6 millions) were below net sales for April ($13.8 millions) and March of 1942 ($23 millions), but remained above any other single month since war's outbreak.

Bulk of the month's trade centred in Dominion guaranteed issues, which accounted for $5.5 millions of total net sales. Next in importance came bonds of provinces, municipalities and corporations, with stock sales small.

The influx of capital in the five months has been entirely attributable to sale of securities in the United States. This trade provided some $53.3 millions, more than balancing the withdrawals by the United Kingdom which reached a figure of slightly more than $2 millions. Trade with other countries was evenly balanced as shown in the accompanying table:

CANADA'S SECURITY TRADE
(Thousands of Dollars)

	Sales to $	Purchases from $
United States	78,067	24,770
United Kingdom	42	2,073
Other	746	712
	78,855	27,555

HOTELMAN

Vernon G. Cardy, who became director of the King Edward Hotel when it was acquired recently by C. A. Ripley and associates for a price understood to have been more than $2.5 millions. Mr. Cardy is vice-president and general manager of the Mount Royal, at Montreal, and heads a chain which has member hotels in several cities.

Quebec Bonds Sell Rapidly

Flotation of the Province of Quebec $9.7 millions 3½% refunding loan took place in near-record time, The Financial Post is informed. Books closed 3 3/4 hours after the loan was officially offered.

In the previous Quebec loan, in mid-June, the offering was also absorbed very rapidly, bond dealers crediting the improvement in Quebec's finances for the high degree of marketability displayed.

1882 • Modern for Sixty Years • 1942

Costs no more...

It costs no more to employ a trust company than a private executor—both are paid equally for the work they do — and you gain certain advantages: the advantages of experience, of permanence, of a trained organization specially equipped to handle estates. Appoint this Corporation your executor.

THE TORONTO GENERAL ★ TRUSTS ★ CORPORATION

Head Office: 253 Bay Street, Toronto

Leitch Gold Mines realized net profit of $81,486 equal to 2.9 cents a share in the three months ended June 30, 1942. This compared with $69,696 or 2.4 cents a share the preceding three months.

NEW OFFICES

In order to accommodate a Wartime Program, we have been obliged to move from — 34 ADELAIDE ST. WEST TO

407 NATIONAL BUILDING

(CORNER OF TEMPERANCE AND BAY STREETS, TORONTO)

Telephone ADELAIDE 9041 will remain the same and all services continued as usual.

GOODWIN HARRIS & COMPANY

STOCK BROKERS AND BOND DEALERS

Members:

The Toronto Stock Exchange, Canadian Commodity Exchange Inc. Successors in Toronto to:

SEAGRAM, HARRIS & BRICKER

NEW ISSUE

$9,725,000

Province of Quebec

3½% Sinking Fund Debentures

To be dated September 1st, 1942 — To mature September 1st, 1957

(Callable on or after September 1st, 1955)

Principal and half-yearly interest (March 1st and September 1st) payable in lawful money of Canada in the Cities of Quebec, Montreal, Toronto, Winnipeg or Vancouver at the holder's option. Coupon debentures in the denominations of $1,000, $500 and $100. Debentures may be registered as to principal only. These debentures will be subject to redemption at the option of the Province as a whole but not in part at 100% of the principal amount and accrued interest on September 1st, 1955, or on any subsequent interest payment date on at least sixty days' notice.

Legal Opinion: Messrs. Montgomery, McMichael, Common & Howard.

In the opinion of Counsel, these debentures will be direct obligations of the Province of Quebec and will be a charge as to principal and interest upon the Consolidated Revenue Fund of the Province. The purpose of this issue is the refunding of a temporary loan of $9,725,000 principal amount heretofore effected by the Province to meet a loan of $10,000,000 principal amount (less sinking fund) maturing August 1st, 1942.

A Sinking Fund of an amount at least equal to 1% of the face value of the outstanding debentures of this issue will be provided annually.

Particulars of the Funded Debt and other financial statistics of the Province are set out in the official prospectus which is available upon request.

PRICE: 99.50 and accrued interest yielding over 3.54%

Subscriptions will be received subject to rejection or allotment in whole or in part. The subscription books may be closed at the discretion of the Provincial Treasurer at any time without notice.

It is expected that Debentures in interim form will be ready for delivery on or about September 3rd, 1942.

We offer these Debentures on behalf of the Province of Quebec if, as and when issue and subject to approval of Counsel above mentioned.

The Royal Bank of Canada
La Banque Provinciale du Canada
The Canadian Bank of Commerce
A. E. Ames & Co., Limited
Wood, Gundy & Company Limited
The Dominion Securities Corporation Limited
W. C. Pitfield & Company Limited

Bank of Montreal
Banque Canadienne Nationale
The Bank of Nova Scotia
L. G. Beaubien & Co., Limited
Royal Securities Corporation Limited
Nesbitt, Thomson & Company, Limited
Collier Norris & Henderson Limited

Mills, Spence & Co., Limited
McTaggart, Hannaford, Birks & Gordon Limited
Kerrigan, MacTier & Co., Limited
René-T. Leclerc, Incorporée
Sweezey Securities Limited
J. C. Boulet, Limitée
Lagueux & DesRochers Limitée
La Corporation de Prêts de Québec
Hamel, Fugère & Cie, Limitée
Société Générale de Finance, Inc.
Garneau, Boulanger, Limitée
Desjardins, Couture, Inc.

McLeod, Young, Weir & Co., Limited
Savard, Hodgson & Co., Inc.
Cochran, Murray & Co., Limited
Bartlett, Cayley & Co., Limited
Harris, Ramsay & Company, Ltd.
Matthews & Company
J. E. Laflamme Limitée
Oscar Dubé & Cie Inc.
Clément, Guimont, Inc.
Ross Bros. & Co., Ltd.
Société de Placements Incorporée
Crédit Anglo-Français Limited
P. E. Letourneau, Inc.

Bell, Gouinlock & Co., Limited
Mead & Co., Limited
Harrison & Company, Limited
Midland Securities Limited
Gairdner & Company, Limited
Dyment, Anderson & Co.
Burns Bros. & Denton, Limited
R. A. Daly Co., Limited
A. M. Ramsay & Company
J. C. Rogers & Company, Limited
Canadian Alliance Corporation Limited
Paul Gonthier & Co., Limited
Crédit Interprovincial Ltée.

The statements contained herein are based upon information obtained from official sources but are in no event to be construed as representations by us.

August 18th, 1942.

The Editorial Page . .

Spiritual Leadership Vital

So far virtually nothing has been done to help give Canadian minds and hearts the guidance and stimulus vital to a victorious war effort.

Ottawa has talked a great deal of its achievement in tangible things: numbers of troops, guns, vehicles, etc. It has reiterated day after day how wonderful is our achievement. (It is wonderful, but in some respects not nearly so wonderful as Ottawa propaganda would have the public believe.)

Percy Philip, the Ottawa correspondent of the New York Times brought out this point in his address to the Canadian Institute of Public Affairs this week.

He said Canada's war effort has been hampered because for too long she did not grasp the extent of the danger threatening the world. We were hampered, he said, by agreements with the United States which, whatever their material advantages, had the effect mentally of making Canadians lean on the United States and shun the implications of the war they had undertaken. We were hampered, he said, by phrases like "Aid to Britain" and "Canada's War Effort." Mr. Philip said:

"They have falsified the people's conception of the war and have in some measure served to divide the country. Canada is fighting alongside Britain and the other nations for her own preservation . . . not out of generosity. Your Parliament, in full independence, voted you into this war; either this is your war or it isn't. You've insisted right along on Canada's Army, Canada's Navy, Canada's Air Force and it's your war just as much as it is anybody else's."

Wars are really won by the aroused minds and flaming souls of men and women completely devoted to principles in which they believe. Troops, weapons and raw materials are but the instruments of a nation's victory.

Our enemies understand this very well. Both the Germans and Japanese have given spiritual leadership of their own people a place of importance equal to that of armament production.

For Canadians, here is a "front" which has been almost completely neglected; a weapon Canadians have not been shown how to use.

It is late, but certainly not too late for those to whom the Canadian people have entrusted the responsibility of leadership to act.

Pride and Prejudice

What's the matter with us that we can't seem to get down to business and at least lay the groundwork for winning this war?

Here are a couple of instances which suggest that we ordinary people are still suffering and will probably for a long time continue to suffer from pride and prejudice.

Despite resounding and reassuring declarations of full co-ordination between the United Nations and despite an assortment of boards and committees supposed to be devoted to that end, here are a few facts offered by James Reston of the New York Times. And remember, that it is now almost three years after the fall of Poland and more than two years after the fall of France. Reston wrote:

"While the officials of both nations (U. S. and U. K.) have talked repeatedly of the need for standardizing equipment used by the United States and Britain, in many cases the bombs we make in this country will not fit the British bomb racks and similarly the British bombs will not fit many of the bomb racks on the planes we have in Britain.

"Under the present system, if the Germans should get into a convoy carrying bombs to Britain for our planes, many of our machines might have to lie on the ground until a new convoy could arrive."

For months there has been talk in high places—and in low—of the desirability of unified direction for the armed forces of Britain, her Dominions and of the United States. We have seen great fortresses fall to hear later that the chief of one force wasn't on speaking terms with the chief of another force. We have seen time and again our armies try some action when air forces seemed notably unavailable. Reston went on to say this:

"Similarly, while the standardization of all equipment has been accepted in principle, but not always put into practice, the principle of unity of command has been accepted in principle but not always put into practice.

"For weeks there has been considerable difference of opinion between the British and many high American officers about how our forces should operate in the British Isles.

"Many of our officers have taken the view that under no circumstances should American bombers be used until all our ground crews and service men were on the scene to service the craft and keep them operating, and that they should operate more or less independently of the R. A. F.

"This desire on the part of some of our high officers to defy the lessons of the last war and create a more or less autonomous military establishment in Britain was one of the main reasons for Mr. Churchill's last visit to the United States, but events since his departure have not indicated that the problem was entirely solved during the visit. . . .

"There is an almost fatalistic acceptance of the notion that the Allies will have to go through even darker days, as they did in 1917, before they can overcome the personal difficulties involved in making such fundamental changes" (as achieving a unified command).

In Germany, Goering's pride of paunch and Hitler's fancies about himself being a deity have to be tolerated. Surely in the democracies there need be no delay in pointing out that war is not being fought for the greater glory of our generals.

The Financial Post's Platform For War

1. *Effective mobilization of all resources, materials, productive capacity and manpower, without reservation, for an all-out war effort.*
2. *A national cabinet, representative of all loyal groups, and consisting of Canada's ablest brains.*
3. *An inner war cabinet, free from departmental duties, to plan the nation's war effort and to see that the plans are carried out.*
4. *A non-political industrial executive to organize and direct procurement of war supply.*
5. *Pay-as-we-go policy, to the very limit consistent with an all-out war effort, to avert inflation.*
6. *Elimination of wasteful spending by public bodies or private individuals.*
7. *A national programme to deal with postwar employment and relief problems.*

They Do Big Wartime Job

The great importance of explaining to the Canadian public each step of wartime controls, every sacrifice that is being required, emphasizes afresh the immense service of Canada's weekly newspapers. The association representing this group has just completed its 23rd annual convention at Saskatoon.

These are the local papers which fill a vital place in the life of their own communities; which are hardly known to the general public beyond the limited areas in which they circulate.

But because they give news and opinions which so closely touch the daily lives of their readers, these papers are very valuable in winning support for an all-our war effort.

Their value is well recognized by the Wartime Prices and Trade Board for their co-operation is one of the most important factors in winning compliance with price regulations.

New president of the association is R. P. Maclean of the Kelowna, B.C., Courier. He succeeds Walter R. Legge of the Granby, P.Q., Leader-Mail. Mr. Maclean assumes his post at a time of particular responsibility and of opportunity.

Farmers Deserve More Tea

This tea and coffee ration strikes us as working a hardship on the farmer; that it discriminates against him.

City people can supplement their ration of tea and coffee very readily and most of them do. The husband in many cases will have his lunch in a restaurant or company cafeteria where his tea or coffee consumption in no way affects the family ration. His wife will make an almost daily shopping trip which will make it easy for her to assuage her craving with a little more coffee or tea at a restaurant, again without effect on the family ration. Furthermore, city folk are never far from cola drinks and other "pick-me-up" beverages.

But there is no such opportunity for the farmers. Husbands have nearly all their meals at home; shopping expeditions are far from daily. Hard, dusty farm jobs, such as threshing, make tea far more than a pleasant beverage. Along with bread, it is a mainstay of life. It is also the essential ingredient of elementary hospitality.

When a dozen neighbors gather round to help bring in the harvest and when the farmer's wife prepares monumental masterpieces of her cooking skill, she must serve tea, buckets of it. And she won't ask her husband's friendly helpers to bring their own tea. She'd be outraged if they tried to.

There will be people, like some members of the C.C.F. and of Social Credit who maintain we are completely sinister, who may puzzle their heads for weeks as to what dark scheme is being promoted by this complaint.

It arises simply out of several talks we have had recently with farmers—"dirt farmers," not the estate fellows.

It simply seems to us that equal tea and coffee rations for the farmer and for the city folk just don't work out quite fairly.

Don't Worry About 'Wasted' Coupons

You don't have to use all your ration coupons.

The idea of rationing is, of course, to cut down consumption, but because of some curious quirk of human personality, many people act as if the law putting a maximum on their consumption, at the same time imposes a minimum consumption.

"My, but how are you going to use up all your coupons?" Many a Canadian motorist who has reduced his driving drastically and who finds his gas ration more than ample for his needs, must have heard that remark. The son of one such driver recently suggested that his father assert his rights and enjoy his full privileges by leaving the car engine running all day.

For many people, the tea and coffee ration requires a more painful adjustment than the gas ration. But we have already heard families remarking: "I guess we'll have to start drinking more tea," (or coffee as the case may be).

Such a reaction is a curious individualistic quirk of mankind. Officialdom ought to emphasize that there is no ground for self-satisfaction or for any feeling of self-sacrifice in obeying the ration requirements. The honor and self-sacrifice is only for those who ration themselves according to their needs which may be far below the legal allowance.

Used Freedom But Don't Give it

An ironical illustration of the approach of Socialists and totalitarians to the problem of true freedom for the individual appears in the June issue of World Review, the British monthly. This issue is called the "All Russian Number."

One major article is entitled, "London: Sanctuary of Freedom." It relates how Britain was the fortress of free speech, free assembly and free press; points out that in their darkest days as conspirators against the old Russia, the Communist saints, Marx, Lenin and Trotsky and others all found safety for their bodies, freedom for their minds, in the British capital.

A little further on in this magazine is an article on the Russian press, by the chief correspondent in Britain of the official Soviet news agency. Here are some of the things he says:

"No private person in the U. S. S. R. owns a newspaper, and there are no limited liability companies to own newspapers either. In Moscow a number of newspapers are owned jointly by various government departments and the trade unions catering for the workers in appropriate occupations. . . . Outside Moscow the big provincials are published by the appropriate regional authorities. . . . Editors, down to those of the humblest sheet, are expected in the Soviet Union to show an intelligent interest in public affairs, to 'hit hard on the sore spot' (a favorite Soviet expression) without fear or favor and to stand the racket accordingly. If they are Communists, as most of them are, then naturally they answer to their party if they diverge from its policy; but there is no civil liability hanging over them."

Ironical, isn't it? Free speech and a free press were vital to the creation of the Soviet. But as soon as it was created, both were suppressed. Whether they realize it or not, people who want to get rid of the Canadian way of life will find that they, too, for power will have to suppress freedoms.

Cartoon by Grassick.

"THE NEXT EIGHTY DAYS ARE THE GRAVEST IN OUR HISTORY."—Lord Lyttelton. THEN HOW ABOUT SOME REAL LEADERSHIP, OTTAWA?

Post-Scripts . . . .

Paratroop Commander

A mild-mannered, gentle-voiced young engineer who is one of the Empire's deadliest marksmen, is the leader of the first Canadian parachute battalion, the most modern branch of Canada's up-to-date army.

MAJOR PROCTOR

Canada picked an engineer, Lieut.-Gen. A. G. L. McNaughton, to make its expeditionary force a "dagger pointed at the heart of Berlin." It picked another engineer, Major Hilton David Proctor, to provide the "bright, hardened tip to that dagger."

"It is an apt description of the function of the parachute battalion that it should be the 'tip of the dagger,'" Major Proctor says. "Our job is to go ahead of the land forces, seizing bridgeheads, cutting lines of communication, disorganizing the enemy's headquarters, raising hell in a scientific way."

Paratroops, he explains, are the same as commandos, excepting that commandos travel to their destination by water and paratroopers by air.

Major Proctor, 31 this month, is lean and sinewy, packing only 150 pounds on his five foot nine frame. He doesn't fit the public's conception of a paratrooper—looks and talks more like an earnest young instructor in a university.

But from the entire army, the general staff picked him as the ideal combination of fighting man, leader, scientist and teacher, to develop a distinctly Canadian technique of parachute fighting and to lead this elite battalion into action.

Born in Comber, in Northern Ireland, Aug. 20, 1911, he attended schools in Ireland, London and Glasgow before he landed in Toronto in 1926 when 15.

He started his military career that year—three years under the age limit—as a gunner in the artillery. Two years later he joined the Signal Corps and has come steadily up through the ranks.

He worked for the Bell Telephone Co., got married and seemed settled down to a quiet life. He became dissatisfied, however, wanted to go further, so three years after he married he started back to school.

Days he attended St. Patrick's College of the University of Ottawa, nights he worked for the Bell Telephone. In between time he kept up his skill as a marksman.

Upon his graduation the company moved him to Montreal, liking his determination, his insistence on fundamentals, his ability to handle men. He bossed the engineering staff installing new telephone stations throughout most of Quebec and eastern Ontario until 1940, when he joined the Canadian active army.

He had established a fine record with the Sixth Canadian Signal Corps when he was picked for his present job. He was one of thousands of eligible officers who volunteered. "I don't know why they picked me, but naturally I'm delighted," he said.

In his new job Major Proctor will get more of a chance to practise his favorite hobby, marksmanship, than he ever would as a signal corps officer. While competing in all sports at school, he never starred except in rifle competitions.

Year after year he placed high on the lists in the Dominion Rifle Association shoots, twice winning places on the Canadian Bisley team, 1935 and 1939.

He said his wife, the former Miss Dorothy Helen Hutton, of Ottawa, "quite understands his desire for more action." They have a child of three.

There will be higher pay, smarter uniforms, lots of prestige for the men of Canada's first parachute battalion. That's not why they volunteered. From Major Proctor down they want only one thing—action.

• • •

20 Years a Premier

One evening late in July, 1922, Professor John Bracken, president of Manitoba Agricultural College, was sitting in his study reading quietly. The phone rang. Mr. Bracken had to think a moment to identify the party calling him. It was Clifford Barclay, who had just been elected in Springfield constituency in the United Farmers of Manitoba landslide election. Barclay got right down to business. He was phoning from the Oddfellows Hall on Winnipeg's Kennedy Street, where most of 27 United Farmers, just elected, were trying to pick a leader.

If Mr. Bracken was the kind of man to gasp with astonishment—which he is not, since he has contemplated the most amazing political developments without turning a hair—he would have gasped when Barclay was finished. The United Farmers wanted him to become premier. "That's impossible," said Bracken.

But the U. F. M. originals were back with their proposal the next day. Mr. Bracken again said No, adding that he had talked it over with Mrs. Bracken, and she, too, had said No. But the United Farmers insisted on Prof. Bracken coming down to talk it over in person. He went. He finally said, in his quiet-spoken way: "Very well, if that's the way you want it, then that's the way it's got to be." He started his career in politics in the seat of provincial premier, never even having seen the legislature of Manitoba in session before.

It is easy to understand from these preliminaries, which were recalled by Mr Barclay and others at a reception given in Winnipeg the other day to Mr. and Mrs. Bracken by the premier's colleagues, associates and friends, why most Manitoba politicians 20 years ago figured that the agricultural college professor would be a greenhorn who could be "taken in" quickly. But session after session rolled around. Bracken grew, instead of diminishing. His opponents have fallen by the wayside. He faced first of all vigorous opposition from the survivors of the Norris Liberal Government and following, which the United Farmers had defeated. He ended by absorbing the provincial Liberal party.

The 1930 renaissance of the Conservative party brought in a stronger Conservative opposition than Manitoba had seen for years. They now support the Bracken administration and share its responsibilities. The C. C. F. and Social Credit made slight splashes in Manitoba politics in due course. They now support the Bracken administration and share its portfolios. The name of John Bracken has appeared continuously in 20 editions of the Parliamentary Guide, and today it carries no party label at all.

No spellbinder, no flashy politician, John Bracken is an honest, able, shrewd leader. He knows agriculture as a farmer and a scientist. When he visits Ottawa on Manitoba business, once he has made the rounds of federal government offices, he is apt to turn to his first love, scientific agriculture, and visit the Central Experimental Farm to find out how the latest thing in forage crops or cereal production is coming along. He went to school at Brockville, Ont., and his first job as a boy was on the Rideau Canal that leads to Ottawa.

Bracken's secret as an enduring leader lies not in able politics and administration, nor in earthy knowledge of Canada's greatest industry, but in his grasp of the ebb and flow of broad economic and social forces. Today no one pushes the former professor around in politics.

Last summer when Arthur Meighen travelled to Winnipeg to invite Bracken's assistance in a National Government campaign, the Manitoba leader looked over the proposition and decided against it. But there are those who still believe that John Bracken may, if the opportunity and the challenge arise, enter federal politics. His name always comes up when the talk turns to prospects of federal coalition.

Most significant feature at present is the renewal of conditions in which Bracken's career as premier was launched. He was a product of the postwar upsets of Canadian politics, and many observers believe that history will repeat itself. Of all the progressive governments thrown up in the postwar turmoil of the early 1920's, Bracken's administration has lasted. He represents the miracle of continued confidence and trust by the electors.

• • •

First Woman Army Doctor

One day last week a trim young woman with blue eyes and auburn hair stood on the grounds of St. Michael's Cathedral in Toronto while a long line of mothers filed by with their babies.

DR. MALONEY

The mothers shook her hand. "Good-by, and God bless you," one after another murmured.

Dr. Geraldine Maloney was being farewelled by those who had brought their children to St. Michael's Health Centre for free clinical care—by women who realized how generously she had given her services, week after week, that their youngsters might have the same care as youngsters of people in better circumstances.

They recalled the things she had done for them—how, for instance, she had persuaded a specialist to help her remove the tonsils of 10 kiddies whose parents couldn't afford a cent for medical expenses.

Now, at this outdoor gathering in her honor, she was wearing a uniform. Dr. Maloney was leaving her private practice, her numerous works of charity, to become the first woman doctor in the Canadian Army Medical Corps.

She'll hold the rank of captain—not in the Canadian Women's Army Corps, but in the regular active army. However, at least for the time being, she will be attached to the C. W. A. C. as medical officer.

Geraldine Maloney, now in her early thirties, was born in Toronto, where her brother, Larkin, is a well-known businessman, general manager of Canada Building Materials Ltd. Her parents died when she was quite young.

After taking her B.A. at St. Michael's College she studied medicine at the University of Toronto. She did postgraduate work in England, at the British Postgraduate Medical School, Hammersmith Hospital, London.

She interned at St. Michael's Hospital, Toronto, and two years ago went into private practice.

She likes her new post, finds the "Qwac's" better than average physical specimens, hopes she'll get overseas.

Businessman Larkin Maloney is very proud of his kid sister—the army's first woman doctor. And no wonder.

Other People's Views . . . .

The Canadian Editorial of the Week

National Selective Service With Teeth in It

The Ottawa Journal

National Selective Service rules and regulations, plus exhortations, without somebody with power to enforce them, are like a criminal code without a police force and courts of justice. That is why national selective service in Canada, to the extent that we have it, has thus far been a good deal of a failure. We have had talk and hints and promises. We are always on the verge of doing something drastic. But thus far we have got no farther than a national selective system that is lopsided; that lacks clear authority and purpose; that leaves to individual choice and whim the part of national service which is most vital of all.

Now we are told that so acute has become the shortage of labor for essential war industries that early and drastic action is foreseen.

Why drastic action only now? An acute crisis in labor shortage didn't come yesterday; it has been with us for months. It has been pressed upon the Government by men who knew all about it; has been discussed by the War Committee of the Cabinet; has been emphasized ad nauseam in Parliament.

There has been no action. The Government, with some of its ministers holding one thing and others holding a different thing, has been unable or unwilling to make up its mind. As a consequence—and this has been known for months—certain vital war industries have reached a labor position where their output is seriously threatened. Only now, when there is no escape from the problem, when further dilly-dallying imperils the war effort, is the position being faced.

The British have had real national selective service for two years—have put those who should be in the army in the army and kept those who should be in war factories in war factories; have provided for transfers from one industry to another and from one district to another district.

What it all sums up to is the need of a central power to determine who shall do what, and when and where. In other words, compulsion.

A real national selective service policy involves compulsory selective service for the armed forces.

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As Others See Us . . .

The Parliamentary Recess

Fort William Times-Journal

In The Financial Post there is a symposium of views from representative Canadians on the question: "Should parliament adjourn for six months as planned or sit more often in this emergency?" In the dozen or so answers to the query a variety of views are revealed. It is obvious that many Canadians feel that too much time is wasted in parliament in lengthy speeches in connection with matters that, however important they might be in normal times, are now relatively insignificant.

It is quite probable that if the people of Canada were assured that the members of the house of all parties would submerge party considerations and political advantage considerations and consult and discuss earnestly together on the best means of advancing the war effort at all times they would feel it would be a good thing for parliament to sit almost constantly for the duration.

Judging from the endless and to a large extent futile discussions of the recent session such a condition seems impossible of realization. As things are perhaps the cabinet-in-council can deal more effectively with matters of moment while the House is in recess. However it should be possible to summon the members quickly if an emergency should arise.

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What the Papers Are Saying

Is Revival of Trade Preference Design for Disaster?

The Vancouver Sun

The drive for restoration of the old system of British Empire trade preferences already is well under way in Britain—conducted, fortunately, by a minority group. The Empire Industries Association is the organ of this view and it numbers among its leaders Lord Croft and Colonel Amery. Lord Bennett, a former Canadian, another prophet of the same idea, has been out on the stump publicly despairing of any international economy after the war and urging the British Empire to surround itself by a tariff wall, enjoy prosperity and let the world go by.

This view, however insane, should not be disregarded. It can become, after the war, a very serious danger to the world, to the British Empire and especially to Canada.

A world in which the British nations refused to trade except among themselves could never restore international trade in sufficient volume to create world prosperity and would certainly collapse within a few years into another world war.

The British Empire, with its diversity of interests, the close commercial relations of some of its members with foreign nations like the United States, would be pulled apart by any attempt to put its trade into an Empire straitjacket. As for Canada, which must trade largely with the United States to exist, any serious conflict between American commercial interests and the interests of the Empire would be utterly disastrous.

A trade war between the United States and the British Empire would doom the world's prospects of peace and prosperity and, by conflict among its members, would destroy the Empire. Yet, since the United States is set on the restoration of world trade—not Empire trade, not English-speaking trade—the attempt to create a watertight British Empire compartment in the world's economy would certainly bring us into direct conflict with the Americans.

Lord Bennett despairs of a world economy. But a world economy is the only chance to prevent another world war, the only chance of saving a world civilization. It is mighty important that the ordinary man should understand this clearly now, before the next peace is made; for if misguided local prosperity and the selfishness of the vested interests should dominate the future economic plan of the British Empire and the world at large, then the ordinary man will pay the bill, as he is paying it now in this war.

We may expect the movement represented by the Empire Industries Association, by men like Amery, Croft and Bennett, to become more active as time goes on, and more dangerous. The ordinary man should be ready for it.

Sayings of the Week

"I hope and believe that we businessmen are realizing the folly of having nothing to do with our main business—the business of governing ourselves."—*J. M. Macdonnell, president, National Trust Co.*

• • •

"I have the feeling that some of the weapons our side is making are not as powerful and mobile as our engineers and scientists could turn out. In many different directions we can simplify and improve."—*Brooke Claxton, M.P.*

• • •

"Don't be misled by the British tendency to be soft spoken and polite. If they need to be they can be plenty tough. The English language didn't spread across the oceans; over the mountains and jungles of the world because these people were pantywaists."—*The U. S. War Department Manual for American soldiers in Great Britain.*

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"Before you can win a war, you must stop losing it."—*Eddie Rickenbacker.*

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Stop Me If . . .

Two lunatics were busy in a room hanging some pictures. One was endeavoring to drive a nail into the wall headfirst by hitting it on the point. Exasperated at his failure, he turned to his companion. "The man who made these nails was crazy."

"Why?" asked the friend, and listened carefully while the hammerer explained that the point was on the wrong end.

"It's you who's crazy," declared the second lunatic, —"that nail was made for the opposite wall!"

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Next Winter's Food Supply

Will Not Starve But No Abundance of Meat or Dairy Products

By ARTHUR D. ELLWOOD

OTTAWA.—There is no danger of Canadians starving this winter but wartime changes in the food supply situation will certainly cause further revision of what have long been regarded as normal menus.

Centre of interest just now are meats and particularly beef. Here the problem has been threefold:

1—To meet a vitally needed peacetime market in the United States for beef cattle.

2—Supply a domestic market, greatly increased by heavy wartime employment and the diversion of competitive pork products to Great Britain.

3—Do both jobs without breaking the price ceiling.

Machinery is now in operation through Wartime Food Corp. whereby farmers can receive the equivalent of the U. S. export price for their cattle although the animals may be slaughtered for the domestic market.

Wartime Foods started its buying programme July 1 and to the middle of August it had bought 20,000 head of cattle, which would normally have been exported, and resold them in the domestic market. During this same period about 10,000 head of cattle actually have been exported, some by permit from Wartime Foods or in some cases by the corporation itself as a means of testing the accuracy of the appraisals on the basis of which it bought the cattle.

Alternatives

This total of 30,000 cattle consigned to the export market compares with the quarterly quota of 51,000 head to the United States. At the rate export cattle are being offered it looks as though Wartime Foods will have reached the limit of its buying quota of 51,000 head for this quarter early in September. Then the corporation will be required to stop buying until the October quota opens. The alternatives when the corporation stops buying will be:

1. To let the balance of the export quota, which is based on the number of cattle which actually reach the U. S. market, be used by shippers; or,

2. Refuse export permits and turn all cattle to the domestic market.

Which action will actually be taken at that time is not yet decided. The first alternative offers the chance that the domestic market may again be starved for meat. The latter brings up the chance that the local market will be glutted and prices forced down, perhaps below the established ceiling prices. If this happened, Wartime Foods would again have to enter the market and buy to protect the minimum ceiling price.

There is still a final possibility, more likely to happen if export permits are refused and domestic prices turn down, that the farmers may simply decide to hold the cattle for a few weeks until the October export quota opens and export prices can again be obtained.

Feeder Cattle Problem

A serious current problem is that of assuring enough "feeder" cattle at prices farmers are willing and able to pay. This becomes important at this season of the year when farmers with excess feed and no cattle, usually in Ontario or in the irrigated regions of Alberta, purchase ranch raised cattle for feeding and marketing during the winter. It is this type of cattle which provides Canada's best beef when they come on the market through the winter, an important factor in stabilizing the supply, particularly in Toronto.

This year the western farmer who ordinarily supplies most of the feeder cattle has lots of grass; so has the Ontario farmer who is anxious to get his stock. But the western farmer is holding off selling in the hope of better prices which the Ontario farmer is unwilling to pay.

There are probably two possible solutions, each involving government assistance. Ontario farmers are asking that Wartime Foods pay the freight on feeder cattle moving from the prairies to the feeding lots of southwestern Ontario, thus bringing the net price down substantially. As an alternative Wartime Foods could buy feeder cattle now as it is doing for the export market and resell where needed on a domestic price basis. This problem is not settled as yet but some action is due soon.

Although Wartime Foods has succeeded in relieving some of the shortage in the domestic supply of beef, it has not done this without running into a lot of trouble.

One of the most serious difficulties has been the fact that smaller markets have been drained of beef and local butchers and packers find trouble supplying their customers. Wartime Foods only operates in the major centres where export markets exist which means that these markets are the only places that the export price can be received for beef. As this price is ordinarily about $1 a hundred higher, there is a strong incentive to ship all the best beef to the large centres.

A possible result of this situation is that the butcher in the smaller centres will become more than ever dependent on the large packer for his supply of beef.

Poultry and Eggs Plentiful

Canada's supply of poultry and eggs looks satisfactory, The Financial Post is informed. In spite of the huge amount of eggs going to Britain, domestic markets are getting enough. It is admitted, however, that the supply may be short later in the season. Poultry supply — turkeys, geese, ducks and other fowl — is plentiful and prices are not expected to be far from last year's levels.

A move expected in the near future is a definite determination of ceiling prices for eggs and poultry. These food products are already under price ceiling but the intention is to define prices in terms of cents a pound or dozen, something not done at present.

Lamb Easier

This week spring lamb came back under the price ceiling, after being free to move according to market conditions since last spring. The result is not expected to be very noticeable to the average consumer. Lamb prices have been declining recently under the influence of more plentiful supplies and relatively little adjustment is expected to be necessary to slip this meat product back under price ceiling.

Pork is continually short in the Canadian market, due solely to evergrowing exports to Britain and to a lesser extent to other places. Hog marketings to date this year have been about 6% higher than in the corresponding portion of 1941, itself a record year. Marketings in western Canada have been up about 20%, down about 10% in the east, giving an over-all increase of about 6%. The domestic market has been getting 38,000 to 40,000 hogs weekly all this year but it could absorb 50,000 to 55,000 easily.

More Hogs Wanted

Prospects for the coming year are made uncertain by delay in completing a new bacon deal with Britain. The British have asked for an additional 100 million lb. next year over the 600 million lb. we are supplying this year. To accomplish this without allowing any additional pork for the domestic market, would require Canadian farmers to market upward of 8¼ million hogs in the year beginning November next or an increase of about 20% over this year.

How such a large increase is going to be obtained is puzzling food authorities. The only workable means is thought to be a higher price. Feed is assured in ample supply in all parts of the country. But farmers have to lay their plans now if they are going to be able to market more hogs within the next year. The British are reluctant to pay more, even if the bacon is actually coming out of the billion dollars Canada is giving Britain, apparently fearing some precedent that would be remembered after the war.

Dairy Situation

Dairy products—milk, butter and cheese—are not altogether satisfactory. There is no need to worry about cheese. We will have lots of this product to supply both our export commitments and the domestic market. Butter is not nearly so assured. The higher price paid for milk to make cheese worked almost too well this year and cheese is in ample supply but butter is not. Cold storage plants are filling very slowly, whereas usually during the summer accumulations are rapid. The 6c. butter subsidy helped in July and butter production was 2⅛% higher than a year ago. Altogether, officials are hopeful of getting the cold storage warehouses filled but admit that it will be close. The alternative would be a short supply in the winter when current production is normally boosted by withdrawals from storage.

Fluid milk has been a problem all year, due partly to the methods taken to stimulate diversion of milk, first to cheese and now to butter as well. While this was going on producers of fluid milk had to be content with prices the same as last year and they have not been satisfied. It is hoped that the combination of ample feed and more milch cows producing will help to maintain the supply in the fall and winter months and lessen the seasonal decline. Unless this happens, the alternative most likely to be adopted is some form of subsidy for fluid milk producers.

Plenty of Cereals

One primary food that is in ample supply is cereals—chiefly wheat and oats. A problem here is to make wheat available to the millers at a price which will permit maintenance of the price ceiling on bread. On this point Wartime Prices and Trade Board is determined and it can be taken for granted that some means will be found of selling flour to the millers at prices now being paid even if the guaranteed price that the farmer is to receive for his 1942 crop is to be 20 cents a bushel higher than last year. A simple means of accomplishing this, and the one most likely to be adopted, would be for the wheat board to sell to millers at current prices wheat which they have bought from farmers at the coming higher prices. This would be in effect a concealed subsidy and is quite within the powers already held.

The Week in Business

The limited number of business indicators now available indicates that while Canadian industry is running at a higher level than a year ago, activity in recent months has tended to even off. Evidence of this is The Financial Post Business Index, which since the beginning of 1942 has moved within a range of about three points.

Diversion of manpower and plants from peace to war production continues to feature the industrial situation.

The Financial Post Business Index for July, based on preliminary figures available, was 166.7 compared with 165.7 for June. A year ago the index stood at 164.9.

Dominion Government financial operations show substantial increases over last year, expansion being shown in both total revenues and expenditures in July. War expenditures during the month were $190.4 millions compared with $107.8 millions last year.

Railways continue to show increases in both volume of tonnage handled and earnings. Total carloadings in 1942 to date are 8.8% higher than in the previous year. Earnings of both railroads are also higher for the week ended Aug. 14 and the year to date.

Petroleum production in Canada shows substantial expansion. The output for June was more than 44% higher than in May with the total for the first six months up 14%.

Newsprint manufacture showed a decline. Total for July was more than one fifth less than in 1941, production for the first seven months of the year being down almost 1%.

	July	June	May	Apr.	Year Ago
The Financial Post business index	*166.7	165.7	168.5	168.0	164.9
♦Dom. war expend. (million $) ...	190.4	138.3	204.9	142.2	107.8
♦Dom. total revenue (do.) ...	121.8	115.4	333.9	170.8	96.1
♦Dom. total expend. (do.) ...	350.8	423.6	386.2	347.5	146.7
Retail sales index no.	....	150.7	149.1	155.7	134.3
Dept. store sales index no.	....	133.5	140.1	148.8	123.1
Wholesale sales index no.	....	166.8	158.6	154.8	140.6
Country store (% change pr. yr.)	....	....	+11.7	+14.0	+8.8
Divd. payment index▲	122.6	121.8	120.9	121.0	118.8
♦Bank deposits (1926=100)	164.8	160.1	167.6	169.8	156.4
RAILWAY FREIGHT LOADINGS—					
♦Tons	176.5	188.9	182.3	180.3	164.1
♦Cars	148.1	141.4	142.3	140.3	139.6
COST OF LIVING—					
D.B.S. index	117.9	116.7	116.1	115.8	111.9
EMPLOYMENT INDEX Nos. D.B.S.—					
All industries	....	171.7	167.4	165.2	152.9
Manufacturing	....	205.9	202.3	199.4	168.0
Payroll (June 1/41=100) (b)	....	125.6	124.0	121.6	100.0
Payroll index (a) (1937=100)	....	201	197	187	170

	1942	1941	Jan. 1 to date 1942	Jan. 1 to date 1941	% Change
RAILWAYS—					
♦Carloadings (week Aug. 8)	63,680	60,535	2,027,811	1,863,523	+8.8
♦C.N.R. gross (week Aug. 14) $	7,819,000	5,777,000	217,834,000	178,967,000	+21.8
♦C.P.R. gross (week Aug. 14) $	4,890,000	4,304,000	152,685,000	126,749,000	+20.5
C.N.R. net revenue (June) $	10,821,000	8,849,000	40,893,950	34,128,769	+19.7
C.P.R. net revenue (June) $	4,174,365	4,068,304	21,948,083	19,919,694	+10.2
IRON AND STEEL—(June)—					
Pig iron production (tons)	167,961	125,790	974,000	700,617	+39.0
Steel ingots and castings prod. (tons)	254,163	209,622	1,559,238	1,286,246	+21.3
AUTOMOBILES—(Number)—					
Passenger Cars: Domestic sales* .. (June)	474	8,099	14,044	58,083	—75.8
Trucks and Buses: Domestic sales* .. (June)	546	3,554	11,817	20,770	—43.1
Financing: Used (June) $	1,920,568	6,047,421	9,716,035	29,227,587	—66.8
New (June) $	367,163	3,751,141	5,212,646	22,673,149	—77.0
CONSTRUCTION—					
Contracts awarded . (July) $	32,093,400	31,954,800	167,040,600	247,421,400	—32.4
♦Cement prod., bbls. (May)	790,000	861,000	2,392,615	2,392,733	—0.04
AGRICULTURE—					
Flour prod., bbls. .. (June)	1,335,177	2,117,976	9,725,208	10,016,499	—2.9
Cattle sales▲ (June)	92,559	82,866	524,829	476,488	+10.1
Hog sales▲ (June)	425,530	383,747	3,147,709	2,893,982	+8.7
SEA FISHERIES—‡					
Catch, cwts. (June)	810,400	857,800	4,101,540	3,548,400	+15.6
Landed value (June) $	3,384,300	2,581,300	9,670,446	7,411,900	+30.4
NEWSPRINT—					
♦Production, tons ... (July)	241,178	293,483	1,899,352	1,914,617	—0.7
Exports (May) $	11,868,000	12,572,000	62,153,000	56,489,000	+10.0
MINING AND OILS—					
Coal prod., tons ... (June)	1,367,563	1,179,376	9,416,513	8,461,714	+11.2
Coal import, tons ... (May)	2,267,879	1,309,690	7,055,478	3,567,819	+97.7
♦Gold rec., fine oz. . (July)	431,435	453,184	2,801,623	2,993,063	—6.3
♦Petroleum prod., gal. (June)	1,180,712	818,000	5,568,700	4,873,000	+14.2
ELECTRIC POWER OUTPUT—(June)					
Total monthly, 1,000 kw.h.'s	3,043,200	2,360,060	18,612,384	15,732,385	+18.3
FOREIGN TRADE—♦					
Imports (Apr.)	$141,946,063	106,268,419	548,514,620	402,264,731	+36.3
Exports (Apr.)	169,997,596	118,393,094	667,451,667	410,828,290	+62.5
OTHER INDUSTRIAL FACTORS—					
Dressed lumber exp.: 1,000 bd. ft. (May)	172,854	152,756	701,305	782,052	—10.3
Shoes, prod., pr. .... (June)	2,891,123	2,761,325	16,493,270	14,956,922	+10.2
Cotton consump., lb. (June)	14,970,262	15,915,739	99,626,902	98,620,215	+1.0
Raw rubber imp. lb. (Apr.)	17,023,133	6,669,217	38,523,612	36,901,434	+4.4
Cigarette cons., No.† (June)	787,409	665,120	4,635,621	3,808,681	+21.7
Sugar manufactured .. lb.§	90,187,029	87,221,405	1,199,719,338	1,137,782,237	+5.4
FINANCE—					
Bank debits† (June) $	3,767,042	4,240,630	21,591,707	18,810,099	+14.7
Bond sales† (June) $	283,602	886,967	2,002,923	1,573,615	+27.2
Life insurance sales (June) $	43,898,000	33,670,000	238,780,000	198,766,000	+20.3

♦D.B.S. All Canada figure covering 90% of the Canadian total.
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C.
▲Total at yards and plants.
†000's omitted. §For four weeks to Dec. 31. ♦Gold excluded.
▲Supplied by Nesbitt, Thomson & Co. *Preliminary.
(a) Compiled by Canadian Bank of Commerce. (b) All industries.

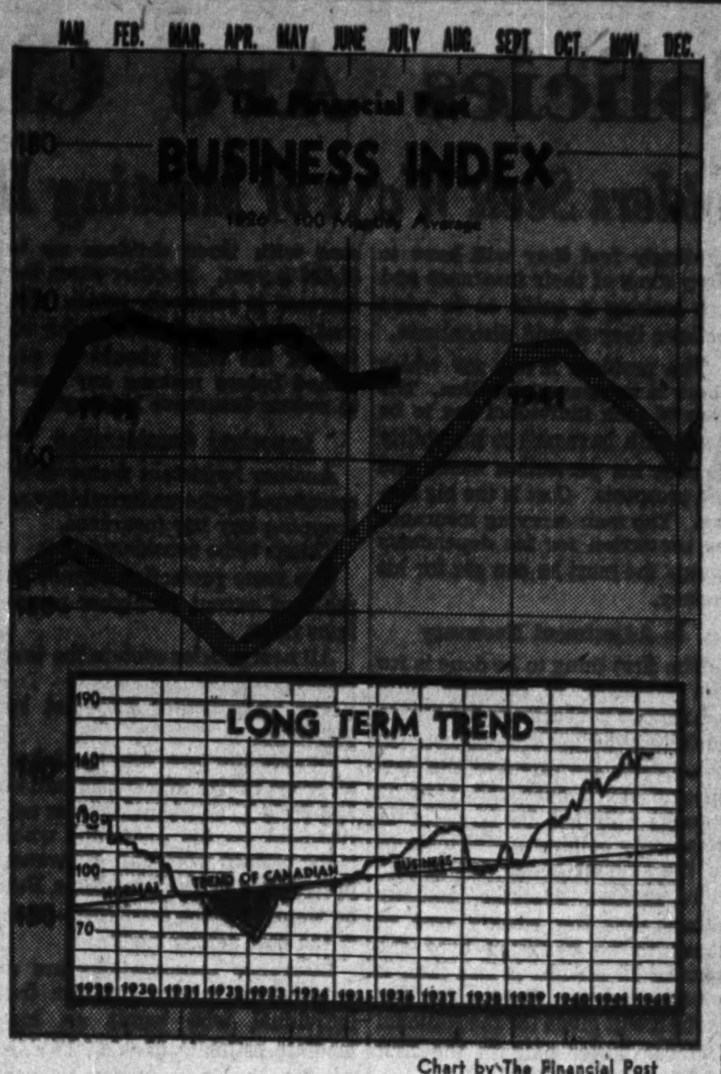

Chart by The Financial Post

Business Shows Gain But Tempo Eases

Business operations in Canada in July showed a moderate gain over last year. The Financial Post Business Index rose 1.1% to 166.7%. It was also slightly higher than for the previous month.

Industries producing goods for civilian consumption have been showing a slight reaction in recent months the index tending to level off accordingly.

Constructive factors in the month under review compared with the previous month were an increase in bank deposits and a gain in receipts of gold at the mint. Newsprint production was nearly maintained, but construction contracts fell off.

Major Economic Factors

		July 1942	July 1941	Incr. + Decr. —	June 1942
The Financial Post business index*		‡166.7	164.9	+1.1	165.7
Common stocks*		68.1	74.0	—8.0	68.9
Wholesale prices*		‡96.7	91.1	+6.1	95.8
Capitalized bond yields*		147.7	145.1	+1.8	147.7
Bank deposits*		164.8	156.4	+5.4	160.1
Gold receipts at mint	fine oz.	431,435	453,184	—4.8	398,695
Silver receipts	fine oz.	60,072	66,542	—9.7	55,913
Factory cheese production	lb.	30,243,521	25,221,201	+19.9	32,839,441
Butter, creamery production	lb.	40,229,026	39,157,220	+2.7	41,412,104
Newsprint production	tons	241,178	293,483	—17.8	242,762
Petroleum production, June	gal.	1,180,712	818,000	+44.1	802,583
Carloadings	no.	293,751	276,829	+6.1	286,506
Construction contracts awarded	$	32,093,000	31,954,800	+3.3	46,736,200

‡Preliminary. *1926 equals 100.

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On the Record

C. Cecil Morrison, president, Morrison-Lamothe Bakery Ltd., Ottawa, appointed administrator of bread and bakery products.

4,337 men and women are employed by the Department of M. & S.

$690 millions is the approximate amount of capital commitments for plant expansion made by the Canadian and British governments up to June 30, 1942.

About 400 planes a month are being produced in Canada.

More than 40,000 parts, exclusive of armaments, are in a single Canadian-built infantry tank.

4,000 Lee-Enfield .303 rifles are being produced each month.

More than 200 combat ships have been launched since the war began.

Machine tools worth approximately $150 millions have been purchased and distributed by Citadel Merchandising Co. since May, 1940.

War expenditures during July amounted to $302,858,779, of which $190,358,779 was on Canadian account and $112,500,000 to finance expenditures of the United Kingdom.

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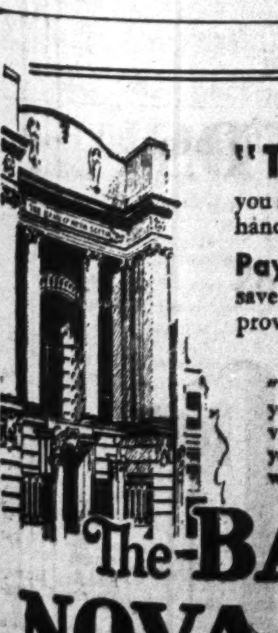
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What Policies Are Cheapest?

Life Policyholders Seek Ways of Meeting Higher Taxes

By DONALD G. MACLEAN

What adjustments can I make in my life insurance to help meet the new income taxes?

This question is being asked by many people since the new income tax rates were announced. Those asking it are mostly people who, convinced of the soundness and need of life insurance, have been putting a substantial part of their annual income into premiums. Now, even with the allowance granted on premiums against compulsory savings, they feel it will be impossible to keep up their former payments.

Compulsory Savings

A taxpayer gets credit for his life insurance premiums along with pension fund contributions and mortgage principal payments. Accordingly the question of adjusting insurance concerns those whose premium payments exceed their compulsory savings. It does not affect those whose compulsory savings exceed the sum of their insurance premiums, pension payments and mortgage payments. They can buy more insurance and get credit for all or part of the premiums on their compulsory savings.

Take for example the man whose non-refundable taxes are $300, his refundable savings $300 and his life insurance premiums $600. He has to pay the first $300 without deduction. He can offset $300 of his life insurance premiums against the $300 compulsory savings. But he still has $300 premiums additional to meet, making $900 in all. He may not be able to meet this amount.

Some readers in this group accordingly feel they will have to drop some of their insurance and are seeking a guide as to what policies they should discontinue.

The problem is one for which there is no general solution. The case of each individual has to be dealt with in regard to his ability to pay, his protection needs and his prospects. Cost is the big factor. The man carrying insurance as protection for his dependents wants the most he can get for his money.

Is Adjustment Necessary

The first thing to be done is for the taxpayer to consider fully whether it is necessary for him to make any adjustment or not. In some cases the effect of the new income taxes over the next 12 months will not be as great as commonly believed. Calculations of the amount of tax due in certain income brackets actually shows that the weekly cost of taxes to be deducted over the coming 12 months is less than it was previously. Reason for this is the credit given for the National Defense Taxes paid in the first eight months of 1942.

An example of this is a married man with two dependent children with an income of $1,300 a year. Total cost of the not returnable part of his tax over the next 12 months, it is calculated, will be 47 cents a week less than it was previously. While including compulsory savings his deductions will be at the rate of 13 cents a week less than last year's taxes. A similar result is calculated for the same man with an income of $1,560 a year and for married persons with three children up to $1,820 a year. In other cases the increase is relatively small. Accordingly exact figures of the effect of the taxes should be obtained before making any move to reduce insurance holdings.

Important Consideration

Another important factor to be considered is the undesirability of dropping any life insurance.

Things to be considered are:

The same protection cannot be replaced except at higher premiums rates.

All new policies contain the war clause.

The policyholder may not be insurable.

But for the man who has taken all these things into consideration and feels he must make some adjustment on his insurance what is the basis to work on? He wants protection for his dependents. But he wants it at the least cost. How is the cost determined?

Insurance computations are a complicated matter but for the individual who wants an immediate estimate of what he can get for the least money, it has been suggested he take the premium as a starting point. It represents the first out of pocket expense. If the policy is a participating one drawing dividends the cost is reduced from the stated figure, especially if the dividends are used annually in reducing the premiums.

Take for instance a policy on which the premium is $35 a year. If the dividend is $5 a year the net cost is $30. This might be reduced further by deducting the cash value of the policy accumulated during the year.

Thus over a period of say 10 years, the net cost of a policy may be arrived at by taking the gross premiums paid, and deducting the sum of the dividends paid during the period, plus the total cash value. This method of calculating the cost does not take into account the rate of interest that might be earned on the money paid as premiums, had it been invested. But it gives an idea of how much the protection is actually costing. In ordinary circumstances the more expensive policies are the first ones to be discontinued.

Comparisons to be fair of course should be between policies of the same type, preferably the whole life plan, which is the basic plan, at the same age. For instance it would not be fair to compare a 20-payment life or 20-year endowment with a whole life because the premium in those cases has been adjusted to a limited number of years.

Deduct Dividend

One method of solving the problem is to take every policy as representing so much protection and then assessing its cost by deducting the dividends if any from the premiums, the remainder being the amount the policyholder has to meet to keep his protection up at full value. According to this method the cash value would not be considered in the immediate cost, as it could not be withdrawn or used without impairing the value of the policy.

One insurance man discussing the position of the man having to adjust his insurance policies, suggested taking a paid up policy for a reduced amount rather than cancelling a policy altogether. This would give the policyholder a smaller amount of paid up insurance and would cut out the need of paying the premiums any longer.

The Last Resort

Dropping a life insurance policy because of increased income taxes it is felt generally should be the last thing the individual should do. It is pointed out that older policies usually have substantial cash values which may be used to keep them in force for some years without paying further premiums. Life insurance has proven itself as an investment worth 100 cents on the dollar in past wars and depressions. Accordingly it is felt it should be maintained at all costs.

Where some adjustment is necessary it should be done only after careful consideration of the actual effect of the income taxes and thorough discussion with well-informed life insurance men.

Expect Increase in Wheat Loans

Available Storage Limits Expansion to Last Year's Level

Although it is a little too early yet for the official estimates on western Canada's 1942 wheat crop it now seems fairly certain the yield will be large.

In some quarters a harvest of close to 500 millions bushels is forecast, with another half million bushels of coarse grains indicated.

At the 500 million bushels, the wheat crop would be about 220 millions bushels more than in 1941.

Financed by Banks

Movement of this quantity of grain would normally mean a large increase in bank loans. Each year when farmers start hauling grain to the elevators, loans of the chartered banks start to rise. Elevator and grain companies taking over the wheat from the farmers finance their needs for credit by borrowing from the banks. Farmers who deliver their wheat but want to retain ownership of it, hoping for higher price, can borrow against it.

Result is that current loans with the chartered banks usually show a substantial rise in the autumn and especially in October when the grain movement reaches its peak.

The increase normally depends on the size of the crop. This year the limited amount of storage space available means the elevators can probably accept from the farmers only about 200 million bushels of the crop. Practically all of this will be financed by bank credit.

As the elevators become filled, grain loans will probably reach about the same level as in October last year when the same storage condition prevailed owing to the large carryover from the big 1940 crop. These grain loans, according to figures supplied to the Minister of Finance, as at Oct. 31 last year, are the biggest single item in the loans of the chartered banks, accounting for $292.4 millions, out of a total of $1.2 billion, the next largest group of borrowers being manufacturers of other than forest products with a total of $245 millions.

Buy Fall Stocks

In normal times merchants and manufacturers in the early fall lay in large quantities of merchandise and raw materials in anticipation of the autumn demand. A big crop usually means this demand will be heavy.

Under war conditions many industries formerly making goods for civilian consumption have been turned over to munitions. In many cases these operations have been financed by the government and hence the demand for bank credit has been small.

Consumer Demand

Farmers' returns from wheat will be limited by the amount they can deliver to the elevators. But sales of dairy products, hogs, cattle, etc., are expected to bring the total farm cash income up possibly to over $1 billion, which, under ordinary conditions, would mean a heavy demand for goods. This year rationing and increased income taxes will undoubtedly limit the consumer demand.

Investors' Loan

Another element which has been affecting current loans recently is the repayment of money borrowed to buy Victory bonds. This factor as well as the liquidation of wheat loans brought the total down in June below last year for the first time in many months.

It is expected the trend will be reversed when the new crop starts moving in volume.

The following table shows the current loans in Canada of the different banks for June, the last month for which figures are available compared with June last year and May of this year.

Current Loans in Canada (Millions of Dollars)

	June 1942	June 1941	May 1942
Montreal	220.5	269.1	249.9
Nova Scotia	105.1	113.8	107.9
Toronto	57.7	66.3	59.9
Provinciale	11.4	13.3	14.1
Commerce	222.3	253.7	233.6
Royal	228.3	262.4	240.1
Dominion	68.2	78.8	71.9
Nationale	51.4	48.8	52.3
Imperial	78.1	78.5	81.6
Barclays (Canada)	3.3	6.2	3.8
Total	1,049.2	1,191.1	1,115.1

Less Sterling Held by Bank

Bank of Canada Holdings Down $7 Millions — Note Circulation Up

Holdings of sterling and United States exchange with the Bank of Canada continue to show wide fluctuations from week to week, as sterling is accumulated by the government and transferred to Britain. Holdings for the week ended Aug. 12 were about $7 millions lower.

On the liability side note circulation continued to climb upward reaching the new high of $578.7 millions.

	Aug. 12 1942 $	Aug. 5 1942 $
Liabilities		
Capital paid-up	5,000,000	5,000,000
Notes in circ.	578,785,202	571,650,160
Rest fund	5,585,705	5,585,705
Deposits: Dom.	46,480,894	39,743,100
Banks	209,368,356	220,292,848
Other	15,003,208	22,433,921
Total deposits	270,852,458	282,469,869
All other liabs.	9,997,175	11,804,330
Total liabs.	870,220,540	876,510,064
Assets		
In Sterling & U. S.	10,487,330	17,189,680
Subsid. coin	419,446	385,417
Investments:		
Dom. gov. sh.	506,712,724	500,325,200
Other Dom. gov.	338,412,968	340,226,480
Total invests.	845,125,692	840,551,680
Premises	1,989,340	1,986,427
All other assets	12,198,732	16,396,860
Total assets	870,220,540	876,510,064

Fire Prevention Week Oct. 4-9

Fire Prevention Week this year in Canada and the United States will be held October 4 to 9.

It is always held in the week in which Oct. 9 falls, the day in 1871 that Mrs. O'Leary's world-renowned cow kicked over the lantern that started the Chicago fire. In that conflagration 200 people died, 100,000 were made homeless and 18,000 houses destroyed in an area of 2,000 acres.

Closing of Branches Officially Announced

Closing of many branches of the Canadian chartered banks due to war conditions was reported in The Financial Post a few weeks ago. An official statement issued by C. St. Pierre, president of the Canadian Bankers Association, indicates that present plans call for closing 80 branches.

Said Mr. St. Pierre:

"War conditions are forcing all the banks to concentrate their business in a fewer number of branches. Their first step has been to exchange or close 80 branches in the most important centres all over the country, where this could be done without too much inconvenience to their customers. Out of these 80 branches there are 23 branches in Montreal that are in process of closing."

One of the main reasons for closing these branches is the need of conserving experienced staff. Need of cutting expenses is also a consideration.

Mortgage Payment Status Cleared

Home buyers can assume existing mortgages on the property they purchase and deduct principal payments from their compulsory savings levy, the income tax department has ruled. In such cases, the mortgage must have been outstanding as of June 23 last. No deduction is to be allowed for those who take out new mortgages.

The ruling clears up confusion regarding the status of such mortgages which had proved a barrier to sales of homes on which mortgages were outstanding.

Staff Changes

The Bank of Nova Scotia announces the following staff changes:

E. A. ADAIR to be accountant, Pape & Gowan, Toronto.

F. M. PIDGEON to be manager, Streetsville, Ont.

E. WHIESSIEL to be accountant, Hawkesbury, Ont.

A. R. O'FLAHERTY to be accountant, Sherbrooke & Harvard, Montreal.

Insurance Notes

An increase of over $40 millions for the first six months of 1942 brings total business in force with the Sun Life Assurance Co. of Canada to over $3 billions. The increase over the period is 13% greater than the increase for the first six months of 1941.

New ordinary insurance in July showed a marked increase over the corresponding figure last year.

Assets of the Sun Life are now over the billion dollar mark the highest in the seventy years the company has been doing business.

• • •

Sales of the Empire Life Insurance Co. in July are stated to have reached a new high peak for the company. The company's business during the first six months generally showed a continuous rise, but the sales in July were 46% ahead of the same month last year both in number of policies and amount of insurance.

• • •

W. Lloyd Mooney has been appointed manager of the Ottawa branch of the Mutual Life Assurance Co. of Canada. Mr. Mooney has been with the Mutual Life since 1923. Since then he has been one of the company's leading representatives. He has been acting manager since August 1941.

• • •

Announcement by the Washington government that a federal grand jury of the United States will investigate complaints about the fire insurance business in that country is of considerable interest to insurance men in this country. The complaints made are that the stock companies have suppressed competition, fixed rates and commissions in violation of the anti-trust laws.

American insurance journals point out that the laws of about 30 states now give some state official or commission authority over fire insurance rates and require all companies regardless of affiliations to charge approved rates.

Canadian Locomotive profits (before taxes) are stated to be running at a higher rate than last year. Capacity operations are continuing and are likely to do so for some time. It is stated that the present outlook is for a rate of operations that will cover bond interest for the duration of the war. A substantial backlog of locomotive orders is understood to be on hand, together with orders for direct war materials.

War Insurance Gives Cover To Buildings

Land, Crops, Machinery and Financial Documents Are Excluded

Pending announcement of the details of the government war risk insurance plan, attention is being drawn to the provision in the act giving retroactive protection on all property. The amount of protection is limited to $50,000. It is available to any person who may sustain loss from war damage between Dec. 24, 1941 and the 30th day after the commencement of the act (Aug. 31) provided he applies for insurance before the last named date.

Under the terms of the act war damage is defined as damage occurring accidentally or not, as the direct result of:

Enemy action or action taken in repelling a real or imagined enemy attack.

Measures to prevent the spread of or mitigate the consequences of any such damage.

Precautionary measures in anticipation of an enemy attack.

An explosion of munitions or explosives being lawfully manufactured, stored or transported for war purposes by any person except the insured.

It does not, however, insure against damage due to restricted lighting, or measures taken for training purposes, or damage caused by persons resident or secretly in Canada acting in the interest of an enemy country.

Thus pending interpretation of the act it would appear it does not insure against acts of secret enemy agents or saboteurs.

Property

Property under the terms of the act included buildings, machinery fixtures, etc., and all movable tangible property.

It does not include:

Land, growing crops, plants or trees, etc.

Ships except those being built or equipped and not yet launched.

Machinery, fishing gear furniture on ships.

Property loaded on ships except on ships used solely in inland waters.

Money and financial documents such as deeds, mortgages, titles, etc.

Other property excluded by the terms of any insurance contract.

It does not include use and occupancy, profits, earnings, accounts, debts, etc.

Accordingly it would appear that the government plan is more designed to protect property against open hostilities such as bombing, shelling and actual war than what is usually termed sabotage.

Protection against war risks such as sabotage, etc., it is understood must still be obtained from private companies much as up till last December when the entry of the Japanese caused all companies to withdraw from writing insurance against damage due to open hostilities.

Meanwhile under the retroactive provision, any property owner by applying for insurance before Aug. 31 can obtain coverage for the defined types of damage before that date.

Weekly Bank Clearings

	Aug. 13 1942 $	Change Year Ago %	Aug. 6 1942 $
Halifax	3,708,022	+10.0	4,435,016
Saint John	2,463,861	+24.1	2,431,045
Moncton	1,022,495	+14.6	1,336,706
Sherbrooke	813,354	+8.1	964,570
Quebec	5,365,740	+13.1	6,506,776
Montreal	103,991,118	−1.4	139,251,159
Ottawa	75,062,717	+108.1	79,715,138
Kingston	800,804	+9.7	751,985
Peterborough	810,424	+0.3	788,380
Toronto	118,628,696	+6.7	145,710,147
Hamilton	6,551,416	+0.7	6,628,844
St. Catharines	1,315,723	+6.1	1,308,544
Kitchener	1,112,436	−1.6	1,129,739
Brantford	959,849	+3.9	1,150,235
London	4,339,861	+50.1	2,704,634
Chatham	689,160	+8.9	602,879
Windsor	4,958,762	+41.2	3,708,666
Sarnia	460,093	−7.5	521,856
Sudbury	1,259,232	+4.6	965,432
Fort William	1,114,634	−6.5	1,038,541
Winnipeg	47,471,707	−0.9	48,287,487
Brandon	457,122	+17.6	537,216
Regina	5,125,752	+32.1	5,635,355
Moose Jaw	744,544	+36.4	803,230
Saskatoon	1,702,980	+21.7	2,448,795
Prince Albert	494,320	+21.4	563,011
Edmonton	5,593,347	+12.3	6,113,350
Calgary	6,109,164	−5.1	7,445,056
Lethbridge	749,940	+37.7	638,025
Medicine Hat	332,397	−11.3	387,228
N. W'minster	956,750	+7.1	851,407
Vancouver	22,481,910	+34.8	25,131,074
Victoria	956,750	−42.3	2,448,795

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A Lifeline to Russia via Canada's Back Door?

Our Air Routes Vital Links in War Strategy

Bush fliers ferrying trappers and prospectors and their freight blazed the air routes in northwestern Canada which overnight became strategic supply links in a globe circling war.

Map by The Financial Post.

By D. A. WALLACE

This is the first of two articles on Canada's role in the modern world of air transport and wartime logistics.

It was just two decades ago that General Billy Mitchell, famous air-minded U. S. Army leader stated that "He who holds Alaska holds the world."

This prophetic statement is full of meaning today as the war comes closer to this continent and our Allied supply lines lengthen. Already China is cut off except for the Himalayan air ferry. Japan's bombers are setting their sights on India's coastline. The Nazis are driving relentlessly forward to the rich oilfields of the Caucasus. Meantime Allied shipping losses are still a jump ahead of new launchings.

Faced with these facts the whole question of cargo air freight and new routes becomes one of the great issues of the war. And it is in this expanding picture of air supply operations that the air routes through northern Canada become ever more important.

Military strategists are now saying that the Yukon and Alaska route is our chief hope for throwing a lifeline to help our beleaguered forces in Asia. Added to the through air route possibilities to Asia is the all-important present problem of moving supplies to Pacific and Alaska coast defense points.

The United Nations will ultimately have the world's finest and largest air force scattered over the globe. In turn it can only be efficiently supplied and serviced by transport vehicles which can keep pace with it—that means air transport carriers. Ten knot boats cannot get to the right place in time to supply 400 a mile fighting aircraft. Also, what is most important, especially in the light of the long term Canadian development, is the fact that present military air cargo planes, unlike combat aircraft, will be highly valuable in switching over to postwar air business.

The dramatic aerial events taking place in Canada's northland are a vital portion of a much larger world picture. No longer are we chained to the ground as the airplane weaves *aerial* network across continents and oceans. A transportation revolution is in the making and Canada, a "natural" for the development of air business because of its pivotal position on the world air map, is keeping well in step with those who are moving into the dynamic world air structure. It is now accepted that Canada's northern war skyways will be the by-paths for postwar world-girdling commercial planes.

New Canada of North

Many Canadians yet fail to realize the area of this "New Canada" which lies north and west of Edmonton. It is 1,700 air miles through from Edmonton to the Alaskan border while north to the Arctic it is 1,550 miles. Great mountain ranges have to be hurdled and, until recently, all flying had to be done by daylight and without benefit of radio ranges. Today all this has been changed and what the steam locomotive did for the West three quarters of a century ago the airplane is duplicating in the north today.

Canada has long been a problem in east-west geography. Today there is a whole new country coming into being which runs north and south. What the postwar period holds for this great million and a half square miles is anybody's guess, but there is no doubt in the minds of those now pioneering history-making transportation schemes in this great new northern half of the Dominion that the war will be followed by mining and industrial development which will creep ever onward to the shores of the Arctic.

Eight Times Faster

Perhaps nowhere else in Canada has the airplane such an advantage over other means of transport, both in terms of time and costs. For instance, from Vancouver to Whitehorse in the Yukon takes only 9 hours by air at a cost of $99, while the best ground transportation involves 96 hours and a cost of $94. In like manner Vancouver to the Peace River block by air takes four hours and costs the traveller $58, while the same journey by ground transportation is a matter of 45 hours and a fare of $65.

Supplied Vital Background

Back of the present sensational air expansion in Canada's northland lies 15 years of development. It is now generally admitted that without the groundwork laid by "bush" fliers and small commercial operators, many of the present northern air cargo routes and background operating and weather data would not exist. In other words, Canada is receiving large dividends from the relatively small outlay of public funds in past years in the form of mail contracts granted to encourage development of these air routes.

The tie-in of the past with the present in northern flying is one of the interesting sidelights of present greatly expanding air operations in this area.

Stem From Edmonton

As a result of these developments, Edmonton is already one of the continent's largest air cargo centres, and, in the opinion of C. H. "Punch" Dickins—one of the north's greatest fliers and now vice-president and general manager of Canadian Pacific Air Lines—"this city is rapidly developing as the aerial outlet for what may well become one of the world's greatest military supply routes."

Edmonton airfield had its birth in 1919 and became Canada's first full-fledged municipal airport in 1925. It has developed into a fully modern airport, now busy day and night as transports shuttle through on their military errands, and is being further enlarged to handle, service and repair anything up to the largest air transports that may be built.

There is also a new name in Edmonton's air business, though old in surface transportation, blazoned across hangars and other buildings at the Edmonton airport. It is Canadian Pacific Air Lines and this is the other half of Canada's commercial air transport industry and, with a nation-wide north-south network which is non-competitive with T.C.A. It has developed into one of Canada's largest air systems with almost 100 planes ranging from sleek silver twin-engine fourteen-passenger planes to flying box cars and small ships for charter work through the north.

Vital Raw Materials

It was from this same airport in Edmonton in 1921 that two transports flew down the Mackenzie to Fort Norman oil wells, 120 miles south of the rim of the Arctic Circle. Today this is almost a daily service and these wells, a source of high grade fuel, are being enlarged to meet the demands of war.

In a like fashion C. H. Dickins flew the first plane ever to land at Great Bear Lake and carried prospector Gilbert LaBine and partner when, in 1930, they staked their claims which were to yield the largest radium ore in the world.

In the interior of British Columbia the plane also has helped locate and establish the rich quicksilver deposit at Pinchi Lake, now the only source in the Empire of this strategic mineral—and likewise northern fliers are carrying prospectors to many points searching for tungsten and other metals.

Edmonton's proud position as the air hub of the North is due in no small measure to the operations of Yukon Southern, now part of the Canadian Pacific Air Lines. This inverted Y-shaped route operated northward from Vancouver and Edmonton to Whitehorse and Dawson, is known as Canada's prodigy air line.

Back in 1935 Sir James MacBrien flew overland from the Yukon across British Columbia and took time out to write in his diary that "Undoubtedly this route will be flown frequently in the future as it is one of the great routes from the United States and Canada to the Far East." It was Grant McConachie who accepted the challenge of this vast wilderness and after charter flights were made in 1934 and 1935, a schedule mail service was commenced in 1936 between Fort St. John and Fort Nelson, and mail and passenger service between Edmonton and Whitehorse was inaugurated on July 5, 1937, and the run was shortly extended to Dawson.

This is a red letter month in the history of northern aviation and the route pioneered by McConachie and his small staff, against great climatic odds and financial difficulties, has today turned out to be the mainline route over which an untold number of American and Canadian fighting and freighting craft move to defense positions.

Pioneered Development

The present chain of modern large airfields extending through British Columbia to Alaska, and which form such a vital link in the chain of Pacific defenses, is a tribute to these roving air pioneers of Yukon Southern, who, flying small aircraft on floats and skis in the original development days, and without radio beam or any other navigational aid, hopped over great mountain ranges and dropped down on lakes to plot the course where now are Canadian Government airfields that do credit to any modern city.

Not only in the air, but on the ground, has aid come to present war air operations in the north from long experienced local operators. Take the case of T. W. Siers, winner of the McKee trophy, who has helped the R.C.A.F. to overcome many of the problems involved in winter flying. He has perfected a number of vital engine instruments, especially in connection with oil dilution supply, in order to overcome engine troubles in subzero temperatures. Engines have also been redesigned to permit greater hot air and extra cowlings added to maintain normal functioning in low temperatures.

Emergency landing fields hacked out of the bush by Arctic fliers are now doubly valuable. Only recently three large U. S. bombers had to let-down in rough mountainous region and they were saved by landing safely on a small improvised northern field.

When the call went out for experienced pilots to train air recruits for World War II, many northern fliers responded, and today they head-up numerous air training schools and repair plants in the Empire air training scheme, as well as being actively engaged in the R.C.A.F. Squadron and the R.A.F. Ferry Command. A case in point is W. R. "Wop" May, veteran flier of the last war and peacetime northern airline pioneer, who has chalked up a brilliant record as western manager of Air Observer Schools managed by C.P.A. There is also the case of W. Siple, former commercial flier in northern Quebec and Ontario, who holds the key post of Training Superintendent for the R.A.F. Ferry Command.

It is now possible for a traveller to board a mainline plane, with stewardess service, at Vancouver, and fly through with a Canadian organization to the Alaskan border and back to Edmonton. The result is that today this Canadian inland route, free from the weather hazards of the coastal line, is the main aerial artery to Alaska and the route over which the northwest airmada is flying.

Thirty-six Hours to Tokio

Maps show that Chicago is 4,000 miles closer to Shanghai by the new northern route than by the southern one and Tokio only 36 hours flying time from Edmonton, Alberta. There is no need to elaborate on the short cut possibilities to Russia and Asia.

At a time when discussion has reached a new high on air cargo developments it is well to remember that, until 1940, more air cargo was flown in northern Canada than anywhere in the world and that these fliers have developed a technique which has won the respect of air operators of the continent. After all, the airplane in many parts of British Columbia and the North West Territories is the only vehicle of transportation, rather than a competitive means with surface transport.

From small beginnings the northern air business grew to account for about $3 millions worth of freight per year and, at the outbreak of war, about 20 million pounds were handled annually. The skill developed by the traffic and operating personnel of these Canadian air companies is now being used to advantage by other concerns moving in vast quantities of air freight in these districts.

Spearhead of Advance

The airplane today is the spearhead of advance in this northern country. It hops ahead with vital supplies and key personnel to plot the ground for the great defense works which follow in its wake. Already the airplane is the prime factor in moving the survey parties for the Alaska highway, the proposed Alaska railroad, and location of oil well developments. In addition, photographic work of various areas vital to national defense is being done by these northern fliers who knew the country like their own back yard. Anyone who has visited these air centres of the north, both adjacent to landing fields and near rivers where seaplane bases are spotted, realizes beyond all doubts that the cargo plane is not something new in this country but rather a part of its whole existence.

Planes are packed to capacity with equipment and "Jeeps," broken-down "Cats," drums of oil and gas, medical and food supplies, equipment for survey parties, spare parts for aircraft, and even "blood banks" are finding their way north on wings.

At Edmonton can be seen fleets of what were formerly huge U. S. commercial airliners, now stripped for war action, moving off to points unknown. As defense projects move farther and farther northward the airplane keeps a step ahead to serve and supply these groups bolstering the continent's back door defenses in the northern Pacific area.

The airplane provides an indispensable service in such work as reconnaissance and surveys and it is here that northern fliers are at their best for this work is done almost solely by seaplane, landing on lakes and rivers, and on skis in winter as airports are few and far between. This is a field in which the northern flier is supreme and practically all the advance reconnaissance and supply work in this great area north and west of Edmonton is being speeded up by the efficient use of the plane.

Lag in Troop Carriers

Sky trucks are anything but glamorous but they are essential in the supplying of outlying military posts. Unfortunately United Nations are far behind the Germans in this field and, while air cargo traffic is expanding to startling figures, the Axis powers are still far the largest users of transport planes. More than 2,000 are reported to be built each year, and the Nazis are said to have about 10,000 of them in use or reserve. The overrunning of Austria, Czecho-Slovakia, Poland, Norway and Crete leaves little doubt as to the place of transport planes in modern aerial warfare. Little imagination is needed to visualize the revolutionary changes which are ahead in air cargo movements on this continent, and particularly on this northern route, when United States production in these sky cargo units reaches a reasonably large figure.

Air Transport's Vital War Role

From the current issue of the U. S. magazine Fortune

"In depending upon eight-knot seaborne transportation, the British and ourselves, at the cost of a succession of disasters, have had to anticipate the strategic moves of the enemy by at least five months. The Germans on the other hand by going to 150 mile an hour air transportation, have been able first of all to create their own strategic situations at will and next to provide a swift counter to a bad situation."

* * * *

"By sea, as convoys travel, and allowing for turn arounds it is (from the United States) about 37 days to England, two months to Australia, five months to India, five months to the Middle East, and five months to Archangel. By air with carriers now available and assuming the airplanes are pushed through night and day by relays of crew, it is 20 hours to England, 2 days to Australia, 3½ days to India, 2½ days to Cairo and 3½ to Russia."

* * *

"To a large extent, war transport is a function of maintenance; in fact, one of the worst tasks ahead is to maintain at the fronts, with replacement parts, the machines we are producing at such immense cost. American aircraft are flying to battle stations all over the world. The penalties for not keeping them in flying condition were depressingly evident in Burma, where 100 A. V. G. fighters lay grounded at a critical moment for lack of solenoids — a simple gadget, weighing perhaps two pounds, used in the gun-firing system. And again in the Middle East, where one fifth of the Allied air force was out of action in the spring for want of spare parts — four months away by sea in England."

* * * *

"To move 150,000 troops, 2,500 miles in six days, equal to the distance from San Francisco to Norway and more than that from Newfoundland to Scotland or from Brazil to West Africa, it would take 50 standard transports making 18.4 miles per hour and carrying 3,000 troops each. By air it would take 150 airplanes, cruising at 220 miles per hour with about 167 men each and averaging a daily round trip to do the same job."

U. S. Publishers Up Newsprint Reserves

Possible Transport Difficulties Stimulates New Trend

From Our Own Correspondent

MONTREAL. — With stocks of newsprint paper held by American publishers at a 53-month high, probabilities are the current reserve will be held at the new level for the duration.

U. S. publishers have exhibited signs of "jumpiness" for some time past owing to possible interruptions of supply.

This week the American Newspaper Publishers Association drew attention of its members to the fact some newspapers are carrying a minimum supply in their city of 60 days or two months.

Each publisher is urged to analyze his own requirements, kinds of transportation used in bringing his newsprint to the city of publication, storage facilities, etc. This should be done, it is pointed out, to determine what is a sufficient newsprint inventory in view of general war developments, the possibility of transportation difficulties and other factors that would have a bearing on supplies.

Two Months' Supply

It is further mentioned that stocks on hand at the end of July show an average of more than two months' supply.

The association does not advocate carrying a minimum of two months' supply. However, it does say the minimum stocks determined should be maintained with regular orders for every-day consumption continued.

At the close of last month the 421 newspapers reporting to the A.N.P.A. had 418,985 tons on hand and 35,454 tons in transit. This was equivalent to 67 days' supply, the largest since Feb., 1938, when 69 days' supply was on hand.

Including other users of newsprint paper, the apparent supply of paper on hand with all U. S. publishers at the end of last month was 642,638 tons. According to the Newsprint Association of Canada, which compiles the returns, this was the largest month-end total since Feb., 1938, when 687,235 tons were reported.

Trend Denotes Fear

The fear of a possible shortage of paper supply is apparent from the trend of reserves since the outbreak of war. The reserve at the end of Sept., 1939, amounted to 420,142 tons. The current figure is 53% higher.

An increase in publishers' newsprint reserves is not only natural but has been expected since the outbreak of war.

PULP DIRECTOR

J. B. Challies, vice-president of Shawinigan Water and Power Co., who has been elected a director of the recently reorganized Brown Co., one of the principal pulp operators in New Hampshire and Quebec.

In prewar days a normal reserve was set at around 35 days' supply. There was immediate accumulation of paper immediately after the outbreak of war. However, when the publishers saw that the mills would be able to maintain shipments, reserve supply dropped back to normal in the spring months of 1940.

At different times there have been mild flurries of "panic" buying, brought on by unofficial stories of production interruptions, such as shortage of power, wood supplies, etc.

Add to Reserves

Reassurances by both the manufacturers and the A.N.P.A. have tended to quiet uneasiness, but for several months past it has been noted there has been a steady but appreciable increase in publishers' reserve stocks.

This is apparent from the following table:

U. S. Publishers' Newsprint Reserves (In Tons)

	1942	1941	1940	1939
Jan.	568,342	446,534	428,605	389,854
Feb.	598,222	435,706	467,873	381,780
Mar.	629,778	402,663	396,566	364,686
Apr.	617,422	392,813	345,013	344,126
May	614,180	390,365	356,462	369,556
June	633,608	400,714	391,658	369,442
July	642,638	449,447	467,654	381,323
Aug.	......	476,514	514,453	401,447
Sept.	......	492,743	509,730	420,142
Oct.	......	498,347	485,574	436,665
Nov.	......	512,693	477,734	442,697
Dec.	......	521,508	465,733	422,473

Transportation Worry

At this stage the publishers' worry centres around transportation.

Though little has been said, manufacturers have had and are having considerable difficulty in maintaining their normal supply routes.

This is particularly evident in overseas shipments. The scarcity of shipping and the need of available cargo space for urgent war materials and supplies, has cut shipments overseas by nearly two thirds.

Water Traffic Heavy

For some years past Canadian manufacturers have been shipping an increasingly large quantity of their paper to the United States market by water.

On the Pacific Coast, Powell River and the Pacific Mills have to use waterborne shipping the year round.

In Ontario and Quebec the St. Lawrence-Great Lakes waterborne supply route has been extensively developed.

At the same time a number of mills in Quebec use the Hudson River route for shipments to New York.

In addition Quebec and Maritimes mills also use coastwise shipping for transporting their product to the American market.

No accurate figure is available as to the amount of tonnage that moves by water from eastern Canadian mills to the U. S. market, but the total would be better than 50% cent of all shipments.

During recent months there has been sharp curtailment of coastwise shipping facilities.

Job for Railways

This has meant the diversion of a huge tonnage of paper to the rails.

The railways have managed to absorb the additional traffic without undue difficulty up to date.

But the problem facing the manufacturers and the publishers, too, for that matter, is whether the American railways will be equal to the wartime task in the months immediately ahead.

That the publishers are doubtful is indicated by the growth in their reserve stocks.

Doubt also exists in official quarters, for the U. S. Office of Price Administration has issued warnings as to a possible shortage of rail transport facilities. They apply not only to newsprint, but also to other pulp and paper products.

Gain in U. S. Advertising Holds Newsprint Sale

From Our Own Correspondent

MONTREAL.—Newspaper advertising linage, an accurate barometer of newsprint consumption, moved upward in July.

Returns for 52 representative U. S. cities, as compiled by Media Records Inc., show a linage gain in July of .7% in spite of continued losses by automotive, classified and financial.

General advertising recorded a gain of 6.8%; retail, 6.3% and department store, 7.2%. Automotive advertising was off 25.5% and financial 14.4%.

Paper Boxes For Apples

B. C. Growers Faced with Shortage of Wooden Containers

From Our Own Correspondent

VANCOUVER. — Corrugated paper boxes may be used extensively for the first time this year in packing apples and other fruits in British Columbia.

Faced with a shortage of box shooks due to pressure on lumber mills from other quarters and scarcity of labor, fruit association executives fear that they will not be able to meet all requirements for wooden boxes and expect that cardboard boxes may provide an effective substitute, if not a permanent replacement.

Canadian Boxes Ltd., Vancouver, headed by J. H. McDonald, is actively negotiating with growers' associations in the Okanagan valley, where most of the fruit is packed, hoping to sell at least 750,000 boxes in that territory this season.

See Big Market

Indications are that the apple crop alone in the Okanagan will be between six and seven million boxes, compared with about 4,500,000 boxes last year. If the cardboard box manufacturers are able to win an important share of the fruit trade it will be a blessing indeed at this time inasmuch as the markets that used to take large quantities of cardboard boxes, notably the fish and canned goods export markets in Australasia and South Africa, have been eliminated by Canadian government orders directing that all canned salmon and herring produced in British Columbia must go to the United Kingdom, and the latter market insists that the cans must be packed in wood.

Efforts to "sell" the Okanagan on cardboard containers have been repeatedly made in the past, but with indifferent success. The shortage of wooden boxes, however, has created a new opportunity.

Other British Columbia companies are experimenting with the manufacture of paper containers for the packing of fruit juices and similar liquid products which have been denied the use of cans under orders of the Wartime Prices and Trade Board.

● "You can be pretty sure," says Sandra Standish, the ace cigarette girl," that guests who know what's what always ask for Guinea Gold."

OGDEN'S
GUINEA GOLD
CORK TIP CIGARETTES
ALSO PLAIN ENDS

Big Changes Made in Paints Shortages Not So Serious

Drawing its supplies from practically every corner of the globe and using many materials now considered essential for war, the paint industry today is faced with the necessity of developing a wide range of suitable substitutes.

To meet that need makers are looking backward to old methods and formulas which have gone out of style but which now must be revived to meet present scarcities. At the same time, through their work-choked research departments, they are looking forward to new developments, new materials to take the place of those shut off by shipping troubles or direct war needs.

Many substitutes developed during the last war by the paint trade are now classed and used as standard raw materials. Chances are that the same lasting influence will arise from this war as necessity mothers the invention of new and sometimes better practices.

Utopian aim of paint production men and researchers is to evolve satisfactory paint and varnish formulations with domestic raw materials, thereby freeing the North American continent from dependence upon foreign sources of supply.

Accenting current shortages is the need for paint for war work—there is scarcely a single item of war equipment that does not require a large amount of paint and varnish. For instance, the little, hard-working mine sweeper takes no less than 550 gallons of paint and varnish before it is judged seaworthy.

Latest move in the situation came recently as Mrs Phyllis G. Turner, Administrator of Oils and Fats, issued a conservation order which has frozen all stocks of shellac and natural varnish resins and prohibited their sale or use. The move was designed to halt consumption of these important raw materials pending government inventory of existing stocks. Most of the natural varnish resins come from the East Indies, Malaya and Sumatra. Shellac comes from India ordinarily but none is coming at the present time.

Since the original freezing order came out, exception to its provisions has been made in the case of Congo copal gums, which come from East Africa and which are in plentiful supply on this side of the Atlantic.

Cutting Colors

To help meet the variety of shortages Canadian paint makers have cut the number of colors they stock from 20 % to 50%, with average reduction 35% to to 40%. Most house paint makers usually stocked around 30 different colors, they are now down to 14. Interior wall finishes usually ran 14 to 16 options, these have been cut to seven. While this will mean a chance for the trade to get along with 25% to 30% less capital invested in stocks it will still leave plenty of color varieties to satisfy Canadians.

Container sizes have been cut. Paint is now put up in gallon, quart and half-pint containers; half-gallon and pint cans are out.

Zinc Tight Spot

Zinc oxide is one prime material that has been short for months as zinc has gone to munitions makers. Chief users of zinc oxide are the rubber and paint industries, and with the former so far unable to find a satisfactory substitute, the paint industry has been coming off second best in allocations of the limited supply. Other pigments are being substituted for zinc oxide in paint with quality reportedly being maintained. Alternatives to pure zinc oxide include leaded zinc oxide and a crude fumed zinc oxide produced by smelters and scrap metal refiners.

Titanium oxide lack makes for another ticklish situation. A comparatively recent innovation to the paint industry, it has come to first-rank importance. The chemical inertness of this commodity makes it particularly attractive to the paint formulator, as he can use it on any type of vehicle without fear of chemical reaction. The opaque nature of the titanium oxide makes possible many modern white and light color finishes which, along with its superior covering quality, has put it in a position to compete with white lead for leadership.

Tung Oil Scarce

In the "drying oils" category, China wood oil or tung oil for years has been well out in front. However, supplies of this oil started to get tight when Japan started its Chinese adventure, are now much tighter. Next most popular drying oils have been perilla oil from Japan, now entirely out, and oiticica oil from Brazil, on which Canadian paint men are as yet unable to count for any steady flow.

Oiticica crop failure in Brazil this year has made supplies even more precarious.

To meet this situation more linseed oil is being used. Both the U. S. and Canadian governments are paying farmers tempting bonuses for switching cultivated acres to growing vital flaxseed. Vast quantities of Argentine flax used to be imported into Canada; lack of shipping has forced the government to fall back on its own agricultural facilities to avert a serious shortage in linseed oil. A development to replace drying oils which cannot be obtained in continuous supply is that of dehydrated castor oil. Some sources claim, however, that the castor product needs synthetic resins to give top-notch service. That makes for another problem as most of the materials from which synthetic resins are compounded are routed directly to war business.

Phenolformaldehyde resins instead of going into paint are going into plastics; glycerine and pthallic anhydride resins come from materials where explosive manufacturers have the first call.

Still another substitute is soybean oil. In addition to this use a substitute material has been developed from soybeans to take the place of casein, the milk product, in water paints, paper coating and plastics.

Lacquer Use Cut

Civilian use of lacquer in Canada has been discontinued, its materials being needed for airplanes and shells. Here there is a choice between shells and shiny table tops. Lacquer thinners were among the first items of the paint trade to be hit by war demand. Toluene, formerly used for this purpose, is now routed directly to high explosive making. Alternatives have been found, among them acetone now also in limited supply. Cuts in automobile, washing machine and refrigerator output will help the supply situation in enamels and lacquers.

Another tight spot for paint makers has been in the use of colored pigments. Many of these pigments use metals and chemicals classed as vital for the war effort. Chrome yellows and greens need chromium which could go into steel alloying. Other colors involve the use of compounds of lead, tin, zinc, cadmium, aluminum, tungsten and molybdenum; all of them high on war's priority list.

Aluminum Out

Most obvious disappearance from the paint field due to war's needs is aluminum paint which has achieved considerable popularity in recent years. This type of paint is now non-existent for ordinary purposes with all aluminum metal under strict control and supplies of aluminum pigment only being released for actual use on munitions. Even for military purposes aluminum paint is restricted to planes and shipbuilding.

Prices Hold

Retail paint prices have been fairly steady for the past few months with current levels approximately 20% higher than at the start of the war. This increase has been general throughout the industry as practically all paint manufacturers are subject to the same conditions making for higher costs.

The paint industry today is largely a chemical enterprise and now must battle the problem that many of the chemicals and metals it uses are needed for the war effort and that it itself ranks low in the list when these vital war materials are handed out. Canadian manufacturers generally are meeting these conditions as they arise largely through long experience and ingenuity of their active research departments.

To date there has been only a very slight degree of dislocation evident to the ordinary consumer. Indications are that the increasing number of substitutes now finding their way into paints will be so satisfactory that the ordinary buyer will still be unaware of the change-over and of the considerable amount of brain power being expended by the industry to solve its many war problems.

How paint men feel about the situation is well summed up by Ernest T. Trigg, president of the National Paint, Varnish and Lacquer Association:

"Many of us can remember the time when we did not know of titanium as a paint pigment or of synthetic resins or even tung oil. But prior to that, we made good paint which was satisfactory to the user. What we have done in the last number of years is to speed up the drying time of many of our products, we have increased the hiding and added something to the durability. As the current situation goes on and possibly becomes worse, we will undoubtedly have to revive some of our old formulas and perhaps go back to products formerly made. They may not dry as quickly or hide quite as well, but will still be satisfactory materials under the circumstances.

"The technical advances of the past two or three decades will doubtless make it easier to solve the new problems that will confront us, and shortages, disturbing as they are, may stimulate our progress as an industry and produce results of lasting value."

Brown Co. Elects New Directors

Voting Trustees Add Three New Names to Directorate

From Our Own Correspondent

MONTREAL.—Following the first meeting of the board of the recently reorganized Brown Co., in Boston, no official announcement was made, but it is learned H. P. Kendall of Boston has agreed to act as chairman of the board, pending the choice of a president.

Voting trustees of Brown Co. have reappointed six of the old directors and three new directors, whose names follow in that order:

ROBERT BRAUN, director, New England Public Service Co.

O. B. BROWN, director, New Hampshire Fire Ins. Co.

JOHN H. FAHEY, chairman, Board of Directors Home Owners Loan Corp.

JOHN J. HAGERTY, manager, New England Agency, Reconstruction Finance Corp.

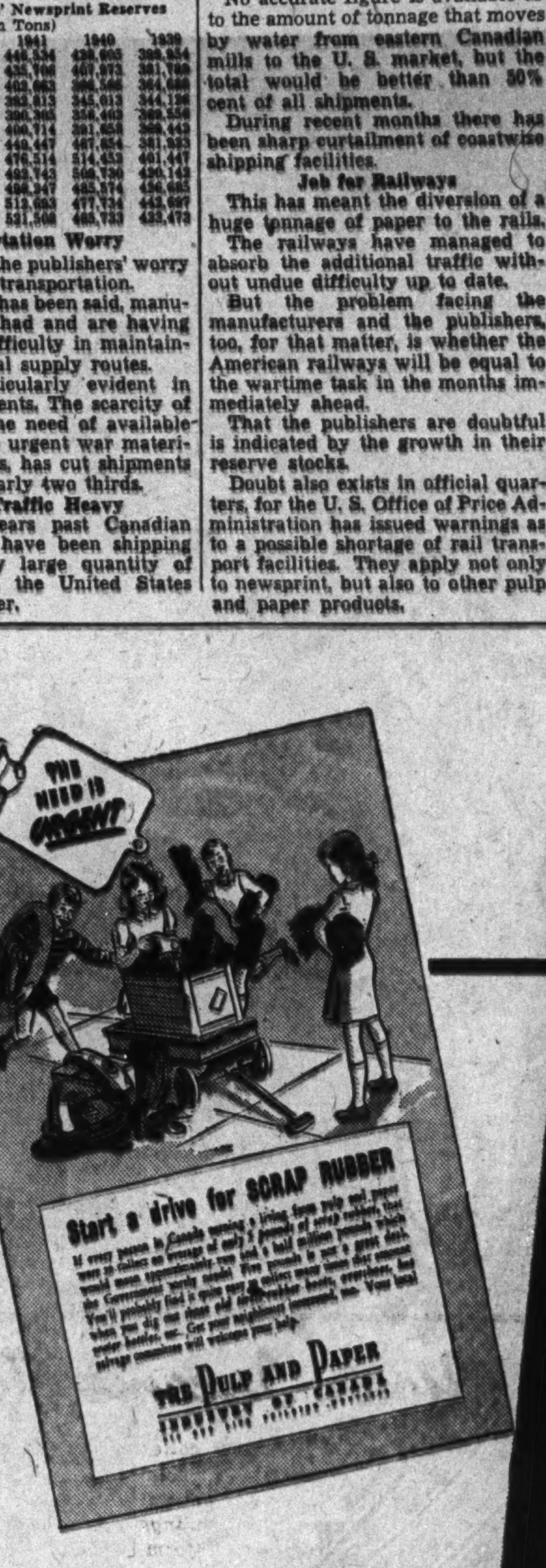
H. P. KENDALL, president, treasurer and director, The Kendall Co., Boston, Mass.

LAURENCE F. WHITTEMORE, assistant to president, Boston & Maine Railroad and Main Central Railroad.

PAUL DRAPER of Boston.

J. B. CHALLIES, vice-president of The Shawinigan Water & Power Co.

H. B. CARRUTH, vice-president in charge of Brown Co. operations.



From this ↑ *Advertisement*

This is part of a campaign sponsored by the Pulp and Paper Industry in mill towns. The purpose is to impress householders with the urgency of conservation and to demonstrate how simple it is "to do your bit".

THIS → POSTER for your bulletin board

To extend the effect of the campaign, the advertisements have been adapted as posters in two colours measuring 10" x 13½". They are printed in both French and English and, while originally intended for mill bulletin boards, are now available to any organization in Canada which can profitably use them.

If you would like to put these messages before your employees, we shall be glad to supply you with copies. They are yours for the asking. Simply write telling us how many you need.

THE PULP AND PAPER INDUSTRY OF CANADA
973 SUN LIFE BUILDING MONTREAL

New Wartime Regulations

Special Post Summary Latest Rulings From Ottawa

As a new feature, The Financial Post is publishing a weekly resume of orders issued by the Wartime Prices and Trade Board and the Department of Munitions and Supply.

These orders have a vital bearing on business and individuals, and are bringing marked changes to the economy of the country and the lives and habits of the people. They are thus something on which every person should keep posted.

To make this easy, The Post is presenting them in abbreviated form. In each case the number of the order and the name of the responsible administrator or controller is given for the benefit of those who may want to write the proper official for fuller information or for an interpretation of various clauses.

Following is a digest of orders received in the last week:

COMMITTEE ON STEEL ALLOYS. M. & S. Order SC 12A. July 14. This defines the study to be made by the Technical Advisory Committee on Alloys and Special Steel. Deputy Steel Cont., M. A. Hoey.

* * *

TUNGSTEN PRICES. M. & S. Order MC 21, July 15. The price of tungsten is raised from $20 to $24 per short ton unit to stimulate production. Purchases to increase government stock piles are not subject to the price ceiling. Metals Cont., J. C. Bateman.

* * *

KAPOK. M. & S. Order CS 28A-1, July 24, rescinds kapok price Order CS 28A. Cont. of Supplies, A. H. Williamson.

* * *

SYNTHETIC RUBBER COMMITTEE. M & S. Order CS 33, July 25, appoints Dr. R. V. Yohe of Akron, Ohio, to the Synthetic Rubber Technical Advisory Committee in place of Dr. J. H. Boyd of Akron. Con. of Supplies, A. H. Williamson.

HIGH SPEED STEEL. M. & S. Order SC 14, July 25, regulates the manufacturing practices of firms using high grade steel and is to conserve the diminishing supply of tungsten, molybdenum and vanadium. Steel Cont., F. B. Kilbourn.

* * *

WOOD FUEL PRICES. W.P.T.B. Order A-312, July 28, fixes a schedule of maximum prices for wood fuel in the greater Toronto area and Hamilton. Coal Adm., J. McG. Stewart.

* * *

WHITE ARSENIC. W.P.T.B. Order A-311, July 28, fixes prices at which refined white arsenic may be sold for delivery in 1943. Adm. of Non-ferrous Metals, G. C. Bateman.

* * *

ORGANS. M. & S. Order MC 22, July 30. Organ manufacturers may no longer use non-ferrous metals in their production. Metals. Cont., G. C. Bateman.

* * *

GAUGES AND CUTTING TOOLS, M. & S. Order MTC 1A, July 31. Except under permit from the Director General of the Gauge and Cutting Tool Production, no person may buy any gauges or cutting tools from any place outside of Canada. Machine Tools Cont., Thomas Arnold.

* * *

SCRAP METAL. M. & S. order, SC. 16, July 31. After September 15 no person other than a dealer or consumer may keep on his premises more than 500 lb. of scrap metal unless he files a statement with the Administrator of Used Goods. A note appended to the order states that the acute shortage of steel makes it essential that all scrap metal be gathered up and marketed and all persons having any scrap metal in their possession are required to send such scrap metal to a dealer or a scrap collecting agency. Steel Con., F. B. Kilbourn.

* * *

HOUSEHOLD ELECTRICAL APPLIANCES. M. & S. Order CS32 A, Aug. 5. No person may manufacture electric toasters, electric irons or electric fans without a permit in writing. Cont. of Supplies, Alan H. Williamson.

* * *

SPORTS GOODS. W.P.T.B. Order A-322, Aug. 6, regulates the distribution of golf balls, tennis balls or shuttlecocks for badminton; and specifies the grades in which it is permissible to manufacture hockey sticks. Adm. of Sundry Items, G. P. Sabiston.

* * *

ICE. W.P.T.B. Order A 323, Aug. 6, regulates the weight at which ice may be sold in the Ottawa district and fixes price ceiling. Foods Adm. J. G. Taggart.

* * *

ELECTRIC STOVES. M. & S. Order CS 10 C, Aug. 7. This freezes the electric stoves in the hands of retailers, wholesalers and manufacturers and provides that no person may manufacture after Aug. 31 any cooking stoves or ranges of more than 35 amperes, any combination coal and electric range, any electric rangette or electric cooking plate, grill or heater, without permit. Cont. of Supplies, Alan H. Williamson.

* * *

VACUUM CLEANERS. M. & S. Order C.S. 11B, Aug. 7. No vacuum cleaner may be manufactured without a written permit. Cont. of Supplies, A. H. Williamson.

* * *

LOBSTERS AND BIRD SEED. W.P.T.B. order 168, Aug. 10. Lobsters and bird seed are exempt from price ceiling regulations. Signed Donald Gordon, W.P.T.B. Chairman.

* * *

WOOD FUEL. W.P.T.B. Order 26, Aug. 11. The quantity of wood fuel and sawdust which may be delivered to a consumer in the Vancouver area is limited. Coal Adm., James McG. Stewart.

* * *

RAW JUTE. W.P.T.B. order A-328, Aug. 11, prohibits the sale of raw jute without written permission. Adm. of Cotton, John H. F. Turner.

* * *

SULPHATE CONVERTING PAPERS. W.P.T.B. order A-331, Aug. 12, amends specifications for sulphite converting papers. Adm. of Book and Writing Papers, A. P. Hewett.

* * *

FERTILIZERS. W.P.T.B. order A-326, Aug. 12, regulates the manufacturing, importing, packing, sale, delivery and use of any fertilizer east of the Manitoba-Ontario boundary. Adm. of Fertilizers and Pesticides, G. S. Peart.

Ottawa Regulation Hits B. C. Shingle Industry

From Our Own Correspondent

VANCOUVER. — British Columbia's $10 million shingle industry has been called upon to sacrifice about $60,000 a month as a result of an order by the Canadian Timber Controller limiting exports to the United States.

Under the new programme B. C. mills must split their shipments 50-50 between Canada and the United States. Until now about 75% of total production has been selling in the U. S. The new division will mean that about 300 cars must be diverted from the American market.

The Canadian price ceiling on shingles is $3.50 a square. The American price is $4, plus 10% exchange, or $4.40. The mills have been shipping about 1,200 cars a month, and about 250 squares are required to make up a car.

Timber Famine

The United States has invariably taken the bulk of the province's shingle output—sometimes as much as 90%. Until now the Canadian market has been relatively insignificant.

However, wartime emergency has resulted in what amounts to a timber famine in Canada—an unprecedented thing.

A few weeks ago the Controller issued orders to the lumber industry as a whole limiting shipments to the United States to 25% of production, the balance being earmarked for Canada and the United Kingdom.

A few months ago the United States was buying as much as 50% of the lumber sold by British Columbia. South of the border there had been less effort to control prices, and the ceiling was higher than the Canadian.

"Cream is Gone"

"We're going to co-operate, naturally, even though it is a pretty hard blow," one shingle operator told The Financial Post. "We'll still be able to do business at a modest profit, but the cream is gone."

Some members of the lumber trade believe that restrictions on sales to the American market should have been imposed earlier in the season. The country is now facing the critical shortage of building materials. This recently brought a hurry-up delegation of prairie lumbermen to the coast urging the shipment of 200 million feet of lumber to the wheat-growing provinces for the construction of emergency storage facilities.

British Columbia's lumber industry, beset on all sides for everything they can produce, with logging camps and sawmills curtailing output because of inadequate labor, will be unable to meet the prairie requirements in entirety and it is doubtful whether more than 60 million feet can be sent, despite the recognized urgency of the prairie demand.

Even the shingle mills have been unable to maintain production schedules due to mounting costs and the competition of shipyards and war factories for their labor.

Generally speaking, despite abnormally heavy demands for everything that can be produced, lumber and shingle production in British Columbia is down about 25% from last year.

Trade Officials Are Transferred

G. H. Selous has been appointed British Trade Commissioner at Vancouver, succeeding J. L. Wilson Goode, who is soon to retire. Mr. Selous was on the staff of the British embassy at Brussels, had an exciting escape when Germany invaded Belgium, and has since been stationed in London with the Department of Overseas Trade.

A. M. Wiseman, Senior Trade Commissioner from the United Kingdom to Canada, has also announced the appointment of G. Muntz, to the staff of the British embassy in Brazil. Mr. Muntz was formerly Trade Commissioner at Montreal. Alexander R. Bruce succeeds him at Montreal. Mr. Bruce came to Canada in 1932 as assistant to F. W. Field, at that time Senior Trade Commissioner to the Dominion, and for 10 years has lived in Montreal, where he is well-known in commercial circles.

B. C. Payrolls At New Peak

Shipbuilding Scores Biggest Advance—Timber Industries Second

From Our Own Correspondent

VANCOUVER.—If anyone required statistical proof of British Columbia's wartime industrial expansion they had it last week in publication of the provincial department of labor's report showing that payrolls at close to $230 millions set an all-time record, surpassing those of 1940 by $51 millions and the previous peak, established in 1929, by $47 millions.

More than 110,000 persons were engaged in industry last October—a new record for the province.

All but one of the 25 employment categories reported gains for the year. Two companies reported payrolls exceeding $5 millions and 24 were in the million-dollar class.

The biggest advance was in shipbuilding whose payrolls last year exceeded those of the previous year by $6.5 millions. The timber industries were second with a gain of $5.5 millions and of course they continue to lead in total disbursements to labor.

Women are shown to be taking an increasing part in industrial activity, and 5,600 of the reporting firms indicated that they employed 34,000 women last year, compared with 30,038 employed by 5,232 reporting firms in 1940.

Borrowings of Toronto Stock Exchange members as at the end of July, 1942 totalled $7,478,365, a decrease of $776,745 from June and $1,881,761 lower than July of 1941. At the same time, quoted market value of all listed stocks as at July 31, 1942, totalled $3,239,966,063, a decrease of $23,167,446 from June 30. Ratio of borrowings to quoted market values amounted to .23 of 1% as compared with .26 of 1% at the end of June and .25 of 1% in July of 1941.

CO-ORDINATOR

M. C. Lowe, who has been appointed co-ördinator of aircraft equipment by Canadian General Electric, which is playing an increasingly important part in producing aircraft components and equipment. Born in Amherst, N.S., Mr. Lowe is a graduate of Acadia University and Nova Scotia Technical College in electrical engineering. He joined General Electric in 1925 and for seven years has been manager of the apparatus sales division, Winnipeg district.

B. C. Ship Probe Betters Relations

Report of Richards Committee is Expected Within Month or Two

From Our Own Correspondent

VANCOUVER.—The investigation of British Columbia's shipyard production methods has been completed, and within the next month or so Mr. Justice S. E. Richards, the chairman, is expected to report his findings as to the comparative merits of continuous production on a seven-day basis, as asked by the government, the shipyard operators and Wartime Merchant Shipping, and the six-hour day, as urged by organized labor.

The enquiry that has extended over the past three weeks has clarified the atmosphere surrounding the shipyard production controversy, and it is expected that there will be a closer relationship between management and men in future.

Appointment of advisory committees representing all factions may be decided on as a means of avoiding disputes regarding production technique and general policy.

Your Investments

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3. Supply facts rather than opinions.

What We Don't Do:

1. Answer enquiries of non-subscribers.
2. Answer enquiries on foreign securities.
3. Reply by telephone or telegraph.
4. Select list of securities; express opinions; or make forecasts.

Three-cent stamp and address label from subscriber's copy of The Financial Post must be enclosed. Address letters to The Financial Post, 481 University Ave., Toronto 2.

Can. Industries

What is the investment status given to the 7% preferred of Canadian Industries? Does the dividend seem safe?

The 7% cumulative preferred shares of Canadian Industries Ltd. must be ranked high among Canadian equity investments. The dividend on this stock was earned about 16 times in 1941, a coverage which has been duplicated more than once in recent years. Dividend requirements on this stock are only $325,500 annually and in 1941 the company had $5.4 millions available out of which to pay them. Thus, it does not seem that there is any immediate threat to the dividend on this stock. Longer term outlook for this company seems good. It is in a line, including chemicals of a wide range, plastics and various new synthetic materials, which appear to have considerable promise of growth both during and after the war. Apparently the company is exceedingly busy, largely turning out materials going either directly or indirectly into war use.

Canada Bread

With a fixed selling price for its production, has Canada Bread been able to meet the price squeeze satisfactorily?

While bread is selling at prewar prices despite much higher ingredient, labor and maintenance costs, Canada Bread has been able to fully maintain its profit position. During the year ended June 30, 1942, a net profit of $183,465 was reported, as compared with $145,028 in the previous fiscal year. Much of this improvement is due to increased operating efficiency. The company has been able to make a substantial saving through reducing the number of varieties sold, consolidating delivery routes, etc.

Moore Corp.

How does the 1942 profit outlook for Moore Corp. appear to be shaping up?

Moore Corp., Ltd., has a record over recent years of steadily rising business volume and net profits. Last year, in spite of record business volume, however, profits levelled off and it is expected that this year's higher taxes will go a long way to offset the increased business volume which has been reported to date. The company also indicates that toward the end of 1942, its volume of sales is likely to stop rising, and perhaps may decline. The suggestion is that 1942 earnings, influenced largely by higher taxes and some other cost increases, may not be as great as last year's $3.75 a share. Whether or not the decline will be great enough to threaten the company's willingness to continue payment of dividends at the current rate of $2.88 a share is hard to tell at present. Looking to the longer term outlook, this company dominates its field in the supply of business forms both in Canada and in the United States. Its financial position is strong and management appears capable. The company does about 90% of its total volume in the United States.

Brown Co.

How does a holder of the old bonds of Brown Co. go about collecting the interest payment just declared?

The interest payment on the general mortgage 5% series A bonds of Brown Co. covers the period from Dec. 1, 1939, to June 1, 1940. This interest payment can be made only to registered holders of the new bonds. Exchange agent for securities in Canada is the Royal Bank of Canada, Montreal, and in the United States, the National Bank of Commerce of Portland, Portland, Me.

Aluminium Ltd.

How are the profits of Aluminium Ltd. holding up so far this year?

In the first half of 1942 Aluminium Ltd., had a consolidated net profit of some $6.5 millions, as compared with $8.6 millions for the same period of 1941. This is equivalent to $8.38 a common share, as compared with $11.20 a year ago. The profit figure shown is after a special depreciation write-off at a higher rate than in 1941. The company estimates that, if the new Canadian taxes had been in effect in the first half of 1942, its estimated profit, excluding the postwar refund, would have been reduced from $6.5 millions to $6.2 millions.

War Savings

I understand that a new system of selling war savings certificates is being used. Are the types of certificates changed?

There is no change in the type or denomination of war savings certificates. They are still being sold in $5, $10, $25 and higher denominations on the same yield basis as before. Where the change enters is in the fact that war savings certificates are now available directly over-the-counter at post offices and branch banks throughout Canada. Formerly, the certificates were available only through direct application to Ottawa.

Your Income Tax

Payments of income taxes collected at the source begin in September. In this weekly column, The Financial Post answers problems you may have in connection with your income tax. In some cases, rulings have yet to be made, hence The Post can only cite informed opinion.

Taxpayers Over 65

Some weeks ago I saw an article in The Financial Post indicating that taxpayers over 65 years of age would be exempt from the compulsory savings portion of the income tax. It was indicated at the head of the column that definite rulings on the new tax had not been issued. Can you tell me now how the matter stands?

As the act was finally passed by parliament, a person over 65 years of age with a total income less than $5,000 is exempt from paying the compulsory savings portion of his total tax. When the budget was first brought down, the exemption was limited to men of over 65 with an income under $3,000. Then it was understood all limitations on income were to be raised. But the final draft of the act placed a definite limit of $5,000 on incomes which would enable the 65 years olds to qualify for this special exemption.

* * *

Adjustments Necessary

I am a married man with an income of $10,000. Life insurance premiums are $3,000, mortgage payments are $3,000 and my taxes will amount to $3,346, which leaves only $654 to live on. This is not enough. What can I do?

As you do not say whether you have any children or not and do not give any detailed information about your affairs, it is difficult to check your figures as regards the amount of tax. However, assuming they are right, your position would appear to be similar to that of many others who will either have to cut their living expenses to the amount left over or make adjustments in the other payments they make. It should not be forgotten that you are entitled to deduction of at least $1,000 from compulsory savings payable, plus $100 for each dependent child, for insurance or mortgage payments made, provided the total amount deducted does not exceed half of the total tax payable.

* * *

Government Annuity

I have a Dominion annuity taken out in 1936. It is fully paid up, having paid approximately $10,200 on it in the first year. Starting 1946 the Dominion pays me $1,200 a year for life or a guaranteed period of 10 years. If death occurs before 1946 the full amount is refunded to my estate plus 4% compound interest.

1. Would the entire amount then be subject to succession duties by both the Dominion and the provinces?

2. When the Dominion starts paying me an annuity of $1,200 a year is that income subject to income tax?

3. If I should die before the guaranteed period of 10 years expires and payments are made to my estate, is all or any part of these payments subject to income tax?

1. Yes, the full amount would be subject to succession duties by both the Dominion and the province.

2. This annuity having been taken out before June 24, 1940, is exempt from income tax even though you don't receive any payments until 1946. Had it been taken out after that date it would have been taxable.

3. If you die after payments begin in 1946 but before the guaranteed period of 10 years expires and payments due are made to your estate, the capitalized value of the payments, we understand, will be subject not to income taxes but to succession duties.

* * *

Annuity Payments

I understand annuity payments can be deducted from the compulsory savings on the income tax. Will you please advise me if the Dominion Government annuity payments can be deducted?

While payments on the Dominion Government annuities are not specifically mentioned and there are no departmental rulings available as yet there is little doubt that these payments will be deductible.

A National Duty—

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There is no type of investment available in this country which, from the standpoint of security of principal, attractive interest yield and ready marketability, can compare with DOMINION OF CANADA BONDS

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LONDON, CANADA

Established 1870

DEPOSITS ACCEPTED 5-YEAR DEBENTURES ISSUED

Deposits and Debentures (31 Dec., 1941), $12,531,188

When Canada Calls

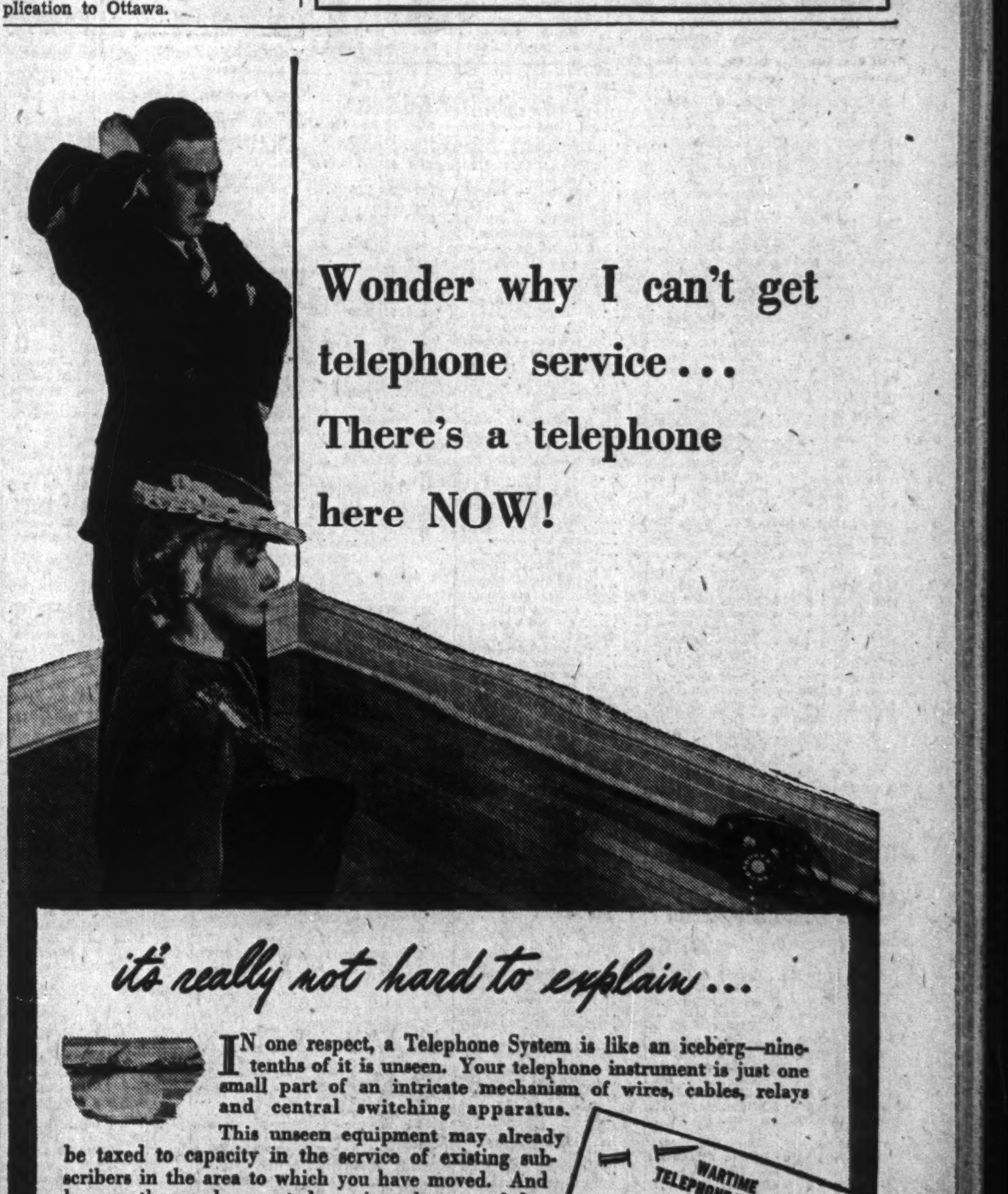
In order to meet the great responsibilities undertaken by this Dominion as a member of the British Commonwealth of Nations, it is absolutely necessary that this country employ its vast resources to the fullest extent and that Canadians exert every effort to supply to the limit the sinews of war required to meet the present emergency in this fight for justice and liberty.

The management of The Bank of Toronto considers it a privilege to make available for this great national effort the largest resources in its history, and we cordially invite you to discuss business plans with us.

THE BANK OF TORONTO

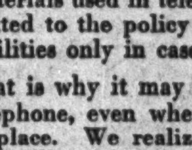
Incorporated 1855

14-42



Wonder why I can't get telephone service ... There's a telephone here NOW!

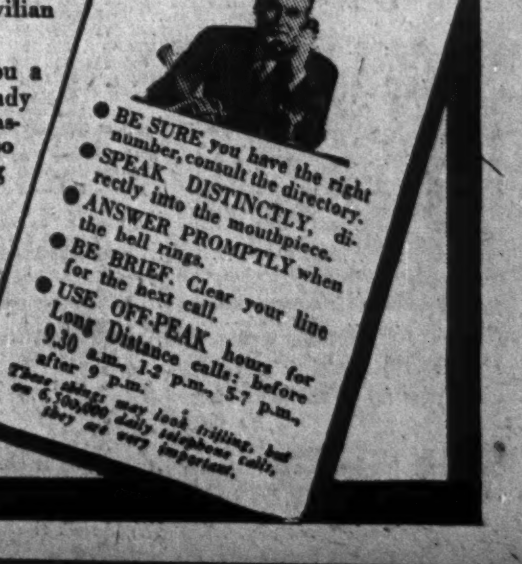
it's really not hard to explain ...



IN one respect, a Telephone System is like an iceberg—nine-tenths of it is unseen. Your telephone instrument is just one small part of an intricate mechanism of wires, cables, relays and central switching apparatus.

This unseen equipment may already be taxed to capacity in the service of existing subscribers in the area to which you have moved. And because the war has created a serious shortage of the materials used in telephone equipment, we are committed to the policy of increasing present civilian facilities only in cases of urgent need.

That is why it may be impossible to give you a telephone, even when an instrument is already in place. We realize that this wartime measure will work some hardships. But we also hope that it will lead to a neighborly sharing of telephone service in emergencies. We suggest too, that you make note of the public telephone near you — perhaps at the corner drug store — for use in case of need.



On Active Service — THE BELL TELEPHONE COMPANY OF CANADA — Giving Wings to Words

WHAT HAVE THE CHINESE GOT THAT WE HAVEN'T GOT?

.... now in China, so they say, folks pay a doctor to keep close tab on their physical condition and check disease before it gets a chance to grab hold. That's pretty smart, isn't it?

Over here, wise executives employ Chas. Warnock & Company, Limited to inspect their purchases *at source*, to keep close tab on raw materials and to prevent manufacturing errors *before* they can affect specifications or delivery dates. That's pretty smart too, isn't it?

Chas. Warnock & Company, Limited, would be pleased to place before you the details of their inspection service—the preventative medicine of industry.

CHAS. WARNOCK & COMPANY, LIMITED

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W

THE WEEK'S QUOTATIONS

Toronto and Montreal Exchanges

The following table is confined to official prices for listed stocks, including curb market quotations. Where no transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

WEEK ENDING AUGUST 17

Range 1942 High	Low	Div Rate $	Aug 15 Yield %		Sales	Last Aug. 10	Week end. Aug. 17 H	L	Cl'se
				A					
.75	.40	*	...	Abitibi	1250	.55	.60	.50	.55
7	4	*	...	Do. pref. 6%	560	4½	.05	.04½	.05
25	13	*	...	Do. pref. 7%	10	14	13½	13½	13½
3	3	*	...	Acme Glove	5	3	3	3	3
60	50	6.50	13	Do. pref.	....	(— bid 51 asked)			
13	11	80+20c	9	Agnew Surp.	....	(10½ bid — asked)			
110	106½	7	6.6	Do. pref.	....	(106½ bid — asked)			
.90	.75	*	...	Alta. Pac. Gr.	....	(— bid .85 asked)			
28½	21½	*	...	Do. pref.	110	27	27	25½	25½
9½	8	*	...	Algoma Steel	1300	8½	8½	8½	8½
84	82	5	6.1	Do. pref.	....	(82 bid 84 asked)			
109	85½	8+2	11.7	Aluminium	335	88	88	85½	85½
118	112	6	5.1	Do. pref.	....	(114 bid — asked)			
7½	6	50c	...	Amal. Electric	....	(6 bid — asked)			
†37	37	60c	1.6	Amer. Cyn. B.	....	(33 bid — asked)			
42	40	2.75	6.5	Ang. Can. Tel p	....	(42 bid 45 asked)			
19	16	80+40c	7.5	Asbestos	153	17	16¾	16	16
18½	13½	1.75	13	Assoc. Brew.	75	13½	14	13½	14
112	109½	7	6.3	Do. pref.	....	(111 bid — asked)			
†1	1	*	...	Assoc. T. & T.A.	....	(— bid — asked)			
‡24	24	96c	...	Do. pref.	....	(— bid — asked)			
102½	102	5.50	5.4	Ault & Wiborg	....	(102 bid — asked)			
				B					
150	128	6	4.6	Bk. Can. Nat.	37	132	131	128	128
189	135	6	4.3	Bk. Montreal	56	139	140	135	135
275	235	10	4.2	Bk. N. Scotia	12	240	235	235	235
255	225	10	4.4	Bk. Toronto	....	(218 bid 220 asked)			
8½	8½	35c	...	Barber Ellis	....	(6 bid — asked)			
*5	4½	*	...	Barcelona	....	(— bid — asked)			
1.25	.50	*	...	Barker's Bread	....	(.50 bid 1.00 asked)			
18	12	*	...	Do. pref.	....	(14½ bid 15 asked)			
14½	11	1+25c	10½	Bathurst Pr.	90	11½	11½	11½	11½
2.25	1.00		...	Do. (B)	....	(1.50 bid — asked)			
				Beath & Sons.	....	(5 bid 7 asked)			

Range 1942 High	Low	Div Rate $	Aug 15 Yield %	
18½	14½	1	5.4	Ford Motor A.
18½	14½	1	5.6	Do. (B)
.15	.15		...	For. Pr. Secs.
16½	12	‡85+50c		Foundation Co.
13	7	*	...	Fraser Cos.
13½	7½	*	...	Do. Vot. Tr.
.50	.50		...	Freiman
55	55	1.50	...	Do. pref.
6½	4½	60c	10	Gatineau Pwr.
77½	61½	5	6.9	Do. pref.
80	70	5.50	6.9	Do. 5½% pref.
†1.25	.25	*	...	Do. Rights
6½	5	30c	...	Gen. St. Wares
92	84	7+53c	8½	Do. pref.
60	31½	2.50+2.50	5	Goodyear Tire.
50	39	2.50		Do. pref.
†67	67	1	...	Gould Pumps
†4	2½	*	...	Gt. Lakes Pap.
†18	16	1.50	...	Do. pref.
2.50	1.00	*	...	Do. Vot. tr. c.
16½	11	1.50	...	Do. Vot. tr. p
4½	3½	*	...	Gt. W. Saddlery
28	24	3	...	Do. pref.
11½	10	60c	...	Greening Wire
†1.25	1.25	10c	...	Growers' Wine
3½	2	*	...	Gurd, Chas.
70	70	*	...	Do. pref.
3½	2½	*	...	Gypsum, Lime

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Range 1942 High	Low	Div Rate $	Aug 15 Yield %	
				Halifax Fire
14½	14½	1	...	Ham. Bridge
3½	2	*	...	Ham. Cot., p
36	28	2	6.7	Ham. U. The
1.50	.65	*	...	Do. pref.
75	73	5	6.7	Harding Car
3½	2½	20+10c	...	Hinde & Dau
14	9½	‡50c	...	Holt Renfrew
5	5	*	...	Do. pref.
65	40	*	...	Honey Dew
19	16	2	...	H. Smith Pa

Oil Stocks (continued)

Par Val.	Range 1942 High	Low	Company	Sales	Close Aug. 10 (or last)	High for week	Low for week	Close Aug. 17
No	.40	.20	Okalta	......	(.02¼ bid .03½ asked)			
No	.04	.02¼	Pacalta Oil	1,000	.18	.19	.19	.19
1	.25	.14	Pacific Petroleums	2,300	.03	.03	.02¼	.02¼
No	.05½	.02¼	Royal Canadian	......	(16.50 bid 18.00 asked)			
No	18.63	16.00	Royalite	......	(.03 June 6)			
No	.05	.03	South End	......	(.15 Mar. 9)			
No	.20	.15	Southwest Pete	......	(.05 July 3)			
1	.05	.04	Spooner	......	(.06¼ bid .... asked)			
25c.	.09½	.08	Sunset Oil	......	(.04 bid .... asked)			
No	.04½	.02	United	......	(.04½ bid .... asked)			
No	.05	.04	Vanalta	......	(.14 bid .... asked)			
1	.20	.12	Vulcan	......				

* Quotations for 1941; † 1940.

Winnipeg Stocks

(Transactions from Aug. 10 to Aug. 15)

	Sales	High for period	Low for period	Close Aug. 15
United Grain Growers	25	10.50	10.00	10.00
Western Steel Products	50	8.00	8.00	8.00

Stocks Not Traded in During Week*

	Bid	Asked		Bid	Asked
Beav. Lumber, c	2½	3	Home Invest.	27½	..
Beav. Lumber, p	100	..	Nor. C. Mtg. un.	5½	..
Can. Indemnity	150	..	Nor. Mtg. pt. pd.	.75	..
Cres. Cream., p.	10	15	Nor. Trusts	8	..
Dom. Envel., c.	..	8½	Traders Bldg.	44	2½
Dom. Envel., p.	..	93	West. Brew.	2	7
Fed. Grain, c.	..	1¼	West. Grain, p.	..	
Grouped Inc.	..	4½			

*Stocks more active on other exchanges not included.

Volume of Stock Sales

	Montreal Markets Indust.	Mines	Toronto Markets Ind. & Mines	Vancouver Markets Ind. & Mines
Aug. 18	7,300	3,000	82,000	......
Aug. 17	5,400	3,100	108,000	9,983
Aug. 15	2,000	1,200	45,000	15,060
Aug. 14	5,400	900	94,000	13,465
Aug. 13	5,800	1,900	71,000	12,005
Aug. 13	6,900	2,600	133,000	8,580

Government Bonds

(Supplied by Investment Dealers' Assoc. of Canada)

Aug. 19, 1942

%	Due	Bid	Ask.	Approx. Yld.
Dominion of Canada Bonds				
3	Oct. '42	100	100¼	...
2½	June '43	100¾	101¼	.99
5	Oct. '43	103¾	104¼	1.31
2	June '44	100¾	101¼	1.30
1½	Sept. '44	99¾	100¼	1.38
2½	Jan. '44	100¼	100¼‡	b.75
4½	Oct. '44	105¾	106¼	1.65
2½	Nov. '44	101¾	102¼	1.58
a2½	Aug. '45	100¼	‡100¼	b1.80
4	Oct. '45	102¼	103	b1.49
2	Mar. '45	100¾	101¼	1.95
2	Dec. '46	99¾	99¾	2.03
4½	Feb. '46	108¼	108¾	1.94
2½	Mar. '48	99¾	99¾	2.27
3½	June '49	102¼	103¼	b2.38
3½	Oct. '49	102¼	103	b2.12
3½	Nov. '51	102¼	102¾	b2.79
3½	Feb. '52	102¼	102¾	‡2.88
a5	May '52	101¼	102	b
4	Oct. '52	105¼	106¼	b2.74
a3	June '51	100¾	100¾	2.98
3	Oct. '52	99¾	100¼	2.98
3	June '55	99½	100	3.00
4½	Nov. '56	106¾	107¼	b2.71
a3	Mar. '54	99¾	100¾	3.03
4½	Nov. '57	107½	108	b2.85
3	June '58	99½	100	3.00
4½	Nov. '58	108¼	108¾	b2.99
4½	Nov. '59	109¼	109¾	b3.02
a4	Oct. '60	106¼	‡107½	b .95
a3½	Jan. '61	101	101½‡	3.09
3½	June '66	101½	101¾	b3.10
a3e	Jan. '67	97½	98‡	3.12
a3e	Nov. '68	97½	98‡	3.12
†3	Perpet'l.	94	95	3.16
Dominion Guarant'd Bonds				
Can. Nat'l. Railways:				
2	Feb. '43	100¼	100¾	.99
2½	Jan. '46	100¾	101¼	1.89
3	May '44	102¼	102¾	1.45
3	Dec. '50	100	100½	2.85
3	Jan. '59	99½	99¾	3.02
*4½	Sept. '51	118	119	2.19
*4½	Feb. '56	119½	120½	2.70
4½	July '57	119½	120½	2.83
3	Feb. '53	99½	100	3.00
4½	June '55	120½	121½	2.77
5	Feb. '54	118	119	3.03
*5e	July '69	118½	119½	...
*5e	Oct. '69	122½	123½	b2.13
*5e	Feb. '70	122	123	b2.26
Can. Nat. W. Ind. S. S.:				
*5	Mar. '55	122½	123½	2.78
Grand Trunk Pacific Rly.:				
3	Jan. '62	101½	103½	2.77
Provincial Gov't. Bonds				
New Brunswick:				
3	Oct. '51	94½	96½	3.45
3½	Aug. '49	96	98	3.57
3½	June '56	96	98	3.68
c4	Nov. '47	108	110	b.87
c4½	Apr. '61	108½	110½	3.72
c5	Jan. '60	110	112	4.03
Nova Scotia:				
3	Jan. '52	98	99½	3.06
3½	June '56	99½	100½	3.20
3½	Nov. '50	101½	102½	3.15
c4½	Sept. '52	113½	114½	b1.53
c4½	Nov. '60	114½	116½	3.28
c5	Mar. '60	119½	121½	3.37
Ontario:				
2½	May '45	100½	101½	2.03
3	Apr. '43	100½	101½	b2.64
3	Nov. '50	99½	100½	b2.90
3½	Nov. '51	100½	101½	b3.02
3½	May '55	100½	101½	b3.04
*4	June '62	114	116	2.93
4½	June '50	109½	110½	3.02
*4½	Jan. '63	119	121	3.06
5	Oct. '48	110	111	3.05
*5	Dec. '60	124½	126½	3.07
5½	July '46	109	110	2.83
Ont. Hydro Commission:				
3	Aug. '48	100	101	b2.74
3½	Feb. '53	100½	101½	b3.02
3½	Apr. '47	102½	104	2.63
Prince Edward Island:				
4	Mar. '54	102	104	3.57
Quebec:				
3	Nov. '47	98½	99½	3.05
3½	Mar. '48	99½	100½	3.20
3½	Mar. '59	99	10	3.50

%	Due	Bid	Ask.	Approx. Yld.
4	Nov. '52	102½	103½	b3.50
3½	Feb. '55	100½	101½	b3.57
4½	Aug. '58	105½	107½	3.63
4½	Jan. '63	110	112	3.66
Alberta:				
4½	Oct. '51	75	..	d
4½	Oct. '56	73½	75½	d
4	Dec. '54	71	73	d
*5	Oct. '59	75	78	d
c5½	Apr. '52	76	78	d
6	Mar. '47	76½	78½	d
British Columbia:				
c4	Dec. '57	102½	...	...
*4½	Jan. '51	109	111	3.02
c4½	Oct. '53	109	111	3.34
c5	Apr. '54	114½	116½	3.23
5½	Feb. '45	104½	105½	3.27
6	Feb. '47	109½	111½	3.23
Manitoba:				
c4	Dec. '57	100	102	3.83
c4½	Dec. '56	104	106	3.93
*5	Dec. '59	107	109	4.25
5½	Oct. '55	109½	111½	4.33
6	Apr. '47	107	109	3.87
Saskatchewan:				
4	Sept. '54	81	83	5.85
4	Nov. '60	80	82	5.80
c4½	Oct. '51	90	92	5.63
c4½	Mar. '60	87½	89½	5.42
5	Aug. '58	89	91	5.87
5½	Oct. '52	93½	96	6.02
6	Mar. '52	97½	99½	6.07

*—Payable Can., N.Y. and £. b—Calculated to call date giving lowest possible yield. c—Payable Can. & N.Y. a—Payable N.Y. †—Callable on or after Sept. 15, 1966. d—Traded flat. Interest being paid at 50% of coupon rate, minimum rate 2%. e—Callable at a premium. ‡—N.Y. funds. ‡—Calculated to 1950 average maturity. ■—Callable on or after earliest maturity shown and payable at maturity at 101.

Unlisted Stocks

(Furnished by A. J. Pattison Jr. & Co., Toronto)

Aug. 18, 1942

Industrials:	Bid	Ask.		Bid	Ask.		Bid	Ask.
Acme Farm., pf.	48	52	Moirs Ltd.	18	21	Confed. 30% pd.	128	136
Andian National	26½	27½	Neilson, Wm., p.	100	..	Cons. Fire Cas.	3½	..
Anglo C. Tel., A	6½	7	N. Meth. Ldy. p.	68	..	Continental L.	30	35
B. C. Pulp, c.	9½	10½	Ont. Tobacco, p.	18	20	Crown, fully pd.	280	290
	63	65	Prov. Paper, pf.	97½	100	Dominion Fire	138	..
			Quinte Milk	2½	3½	D. of Can. Gen.	114	120
						Empire, 25% pd.	4	5

Annual Meetings

1942:	Company	Place
Aug. 26	Un. Cigar-Whelan	Wilmington
Aug. 27	Can. Linseed Oil Mills	Montreal
Aug. 28	Br. Columbia Packers	Vancouver
Sept. 3	Agnew-Surpass Shoe	Brantford
Sept. 10	United Securities*	Montreal
Sept. 23	Paymaster Consol.	S. Porcupine

*Bondholders.

Mining Dividends

	Rate	Aug. 17	Yield %
Anglo-Huronian	20c	2.10	..
Argus Interests	†4c	.25	..
Aunor Gold	16c	1.10	14.6
Bayonne	†1c	.03½	..
Beattie Gold	10c	.58	..
Berens River	6c	.65	..
Bralorne	80c+40c	6.00	*20
Broulan Porc.	12c	.37	..
Buffalo Ankerite	▲30c	1.11	..
Bulolo Gold	$3	8.00	..
Can. Malartic	8c	.37	..
Cariboo Gold	16c	.95	16.8
Central Patricia	16c+2c	.75	*24
Chesterville	▲15c	.51	..
Cochenour Willans	6c	.53	11.3
Coniagas	10c	.80	..
Coniaurum	‡10c	.55	..
Cons. Smelters	$1+$1.50	33.00	*7.6
Delnite	6c	.52	..
Dome Mines	$1.60	13.59	11.8
East Malartic	‡5c	1.05	..
Francoeur Gold	▲4c	.21	..
Goldale Mines	2c	.09⅛	..
Gold Belt	2c	.12	..
Grandview	2c	.10	..
Grull Wihksne	†.00½c	.01½	..
Hallnor	40c	1.90	21
Hard Rock	3c	.34	..
Hedley Mascot	8c	.19	..
Hollinger	65c	7.35	8.8
Howey Gold	2c	.14	..
Hudson Bay	$2	22.12	9.1
Inter. Nickel, com.	$2	29.75	6.7
Island Mountain	8c	.88	..
Jason	▲4c	.10	..
Kerr-Addison	‡22c	3.70	..
Kerr Lake	▲5c	.50	..
Kirkland Lake	8c	.42	..
Lamaque Gold	‡30+25c	3.75	..
Lake Shore	80c	8.00	10
Leitch	8c	.50	16
Little Long Lac	‡10c	.75	..
Macassa	32c+3c	1.95	*18.4
Madsen R. Lake	3c	.35	..
Malartic Gold	▲10c	1.22	..
McGillivray Coal	1c	.10¼	..
McKenzie Red L.	12c	.54	22.2
Moneta	8c	.25	..
McIntyre-Porc.	$2.22+$1.11	38.50	*8.6
MacLeod-Cockshutt	10c	1.05	..
Negus	2½c	.35	..
Nipissing	15c	.85	..
Noranda	$4	45.00	8.9
North Empire	‡10c	1.00	..
O'Brien Gold	3c	.50	..
Pamour Porc.	▲12c	.35	..
Pato Cons.	‡25c	2.10	..
Paymaster Cons.	2c	.13½	..
Pend Oreille	▲6c	.85	..
Perron Gold	16c	.78	20.5
Pioneer, B. C.	32c	1.27	..
Pickle Crow	30c	1.45	20.7
Placer Develop.	25c	5.00	..
Premier	8c	.43	18.6
Preston E. Dome	20c	1.50	13.3
Privateer Mines	12c+1c	.36	..
Quebec Gold	▲2c	.20	..
Reno Gold	20c	.03½	..
San Antonio	14c+6c	1.50	*13.3
Sheep Creek	16c+4c	.80	*25
Sherritt Gordon	10c	.63	..
Sigma Mines	60c	4.50	..
Silbak Premier	18c	.50	..
Siscoe	‡5c	.34	..
Sturgeon River	2c	.09	..
Sudbury Basin	2½c	1.15	..
Sullivan Cons.	‡6c	.55	..
Surf Inlet	▲2c	.06	..
Sylvanite Gold	20c	1.35	14.8
Teck-Hughes	40c	1.53	26.1
Toburn	12c+2c	.70	*20
Upper Canada	‡5½	.62	..
Ventures	20c	3.45	..
Waite Amulet	40c	4.20	..
Wendigo	3c	.16	..
Wright Harg.	40c	2.10	19

▲Paid in 1941. *Yield including bonus. †Initial. ‡Paid in 1942 to date.

Dividends Declared

	This payment	Date payable	Date of record
Agnew Surpass	40+20c	Sept. 1	Aug. 15
Do., pref.	$1.75	Oct. 1	Sept. 15
Aluminum, c.	$2	Sept. 5	Aug. 15
Do., pref.	†$1.50	Sept. 1	Aug. 8
Atlas Steels	15c	Aug. 1	July 16
Do., pref.	$1.75	Aug. 16	Aug. 1
Anglo-Can. Tel.	15c	Sept. 1	Aug. 15
Asbestos Corp.	20c	Sept. 30	Sept. 1
Do., extra	10c	Sept. 30	Sept. 1
Aunor Gold	4c	Sept. 1	Aug. 15
Barber Ellis	12½c	Sept. 15	Aug. 31
Bruck Silk	10c	Sept. 15	Aug. 29
Bk. of Montreal	$2	Sept. 1	July 31
Bk. Can. Nationale	$2	Sept. 1	Aug. 15
Bk. of N. Scotia	$3	Oct. 1	Sept. 15
Beattie Gold	3c	Sept. 9	Aug. 12
Bk. of Toronto	$2.50	Sept. 1	Aug. 15
Bathurst Power, A	25c	Sept. 1	Aug. 7
Borden Co.	†30c	Sept. 1	Aug. 15
Brit. Amer. Oil	25c	Oct. 1	Sept. 10
Can. Fdy. & Forg.	37½c	Sept. 15	Sept. 1
Can. Cottons	$1	Oct. 1	Sept. 5
Do., pref.	$1.50	Oct. 1	Sept. 5
Can. Wire & C., A	$1	Sept. 15	Aug. 31
Do., B	25c	Sept. 15	Aug. 31
Do., pref.	$1.62½	Sept. 15	Aug. 31
Confederation Life	$1.50	Sept. 30	Sept. 25
Do.	$1.50	Dec. 31	Dec. 25
Can. Int. Inv. Tr. p.	50c	Sept. 1	Aug. 15
Can. & Dom. Sugar	■20c	Sept. 1	Aug. 15
Corr. Pap. Box pf.	$1.75	Sept. 1	Aug. 15
Can. For. Invest., pf.	[illegible]	Oct. 1	Aug. 15
Can. Vinegars	10c	Sep. 1	Aug. 15
Can. Bakeries, p.	$1.25	Sep. 1	Aug. 18
Can. Wire Box	37½c	Oct. 1	Sept. 15
Do., arrears	12½c	Oct. 1	Sept. 15
Can. Crushed Stone	10c	Sept. 15	Sept. 1
Commoil	.00½	Aug. 25	Aug. 15
Coniaurum M.	3c	Sept. 9	Aug. 14
Common'wlth Inter.	4c	Aug. 15	July 15
Can. Breweries, p.	85c	Oct. 1	Sept. 15
Command Oils	2c	Aug. 31	Aug. 8
Canada Dry	†15c	Sept. 22	Sept. 10
Candn. Oil, p.	$2	Oct. 1	Sept. 19
Can. Indus. A, B	$1.50	Oct. 31	Sept. 30
Do., pref.	$1.75	Oct. 15	Sept. 30
Cap. W. Cloth pf.	38c	Sept. 1	Aug. 12
Dome Mines	■40c	Oct. 20	Sept. 30
Dom. Ang. Inv., pf.	$1.25	Sept. 1	Aug. 15
Dom. Bridge	30c	Aug. 25	July 31
Dom. Scot. Inv., pfd.	50c	Sept. 1	Aug. 20
Dominion Stores	■10c	Aug. 20	Aug. 5
Dom. Found., pf.	$1.50	Sept. 1	Aug. 20
Distillers Seag.	55½c	Sept. 15	Aug. 28
Do., pref.	†$1.25	Nov. 2	Oct. 15
Eastern Steel	25c	Sept. 1	Aug. 15
Eng. Electric A	62c	Sept. 15	Aug. 31
Ford Motor A, B	25c	Sept. 19	Aug. 29
Gen. Stl. Wares, p.	$1.75	Aug. 20	Aug. 10
Granby Cons.	■†15c	Sept. 1	Aug. 14
Granby Elastic p.	69c	Aug. 1	July 15
Hallnor Mines	10c	Sept. 1	Aug. 15
Honey Dew	50c	Oct. 1	Sept. 15
Ham. Un. Theat., p.	$1.25	Sep. 30	Sep. 15
Inter. Nickel, c.	†50c	Sept. 30	Aug. 31
Imp. Varnish	12½c	Sept. 1	Aug. 21
Do., pref.	37½	Sept. 1	Aug. 21
Kerr Addison	5c	Aug. 28	Aug. 11
Langley's, pfd.	■50c	Sept. 11	Sept. 2
Do.	■50c	Dec. 11	Dec. 2
Lake Shore M.	20c	Sept. 15	Sept. 1
Lamaque Gold	10c	Oct. 1	Sept. 10
Do., bonus	15c	Oct. 1	Sept. 10
Loblaw Groc., A B	25c	Sept. 1	Aug. 10
Loblaw Inc.	†25c	Sept. 1	Aug. 14
L. of Woods Mill.	30c	Sept. 1	Aug. 15
Do., pref.	$1.75	Sept. 1	Aug. 15
Landed Banking	$1	Oct. 1	Sept. 15
Laura Secord	20c	Sept. 1	Aug. 15
Louisiana Land, c.	†10c	Sept. 15	Sept. 1
Macassa Mines	8c	Sept. 15	Aug. 31
Maclaren P. & P., c.	25c	Aug. 31	Aug. 15
Massey-Harris, p.	62½c	Sept. 15	Sept. 1
McKenzie Red L.	3c	Sept. 15	Aug. 31
Montreal Loan	31¼c	Sept. 15	Aug. 31
McIntyre Porc.	55½c	Sept. 1	Aug. 1
Mortgage of N. S.	$1.25	Aug. 1	July 24
Northwest Util. p.	$1.50	Sept. 1	Aug. 26
Nat. Biscuit, c. pf.	†$1.75	Aug. 31	Aug. 14
Noranda Mines	$1	Sept. 15	Aug. 20
N. S. Light & P., p.	$1.50	Sept. 1	Aug. 15
Ogilvie Flour pf.	$1.75	Sept. 1	Aug. 19
Ont. Silknit, pf.	$1	Aug. 15	Aug. 10
Paton Mfg.	$1	Sep. 15	Aug. 31
Do., pref.	$1.75	Sep. 15	Aug. 31
Perron Gold	4c	Sept. 21	Aug. 29
Para Pictures pf.	†$1.50	Oct. 1	Sept. 17
Do., com.	†25c	Oct. 1	Sept. 15
Photo Engravers	50c	Sept. 1	Aug. 15
Pickle Crow G.	10c	Aug. 31	Aug. 15
Paymaster Cons.	■1c	Jan. 15 '43	Dec. 31
Preston E. Dome	5c	Oct. 15	Sept. 24
Proprietary M.	5c	Aug. 29	Aug. 15
Quinte Milk	10+5c	Aug. 1	July 22
Quebec Power	25c	Aug. 25	July 22
Remington Rand, c.	†20c	Oct. 1	Sept. 10
Do., pfd.	†$1.12½	Oct. 1	Sept. 10
Royal Bank	$2	Sept. 1	July 31
Regent Knit., c.	25c	Sept. 15	Aug. 31
Regent Knitting pfd	‡40c	Sept. 1	Aug. 15
Rolland Paper pf.	$1.50	Sept. 1	Aug. 15
Reliance Gr. pf.	$1.62½	Sept. 15	Aug. 31
Shawinigan W. Pr.	23c	Aug. 25	July 24
Sherbrooke Trust	$1.50	Aug. 1	July 15
Stedman Bros.	15+30c	Oct. 1	Sept. 19
Do., pref.	75c	Oct. 1	Sept. 19
Siscoe Gold	1½c	Sept. 15	Aug. 12
Stuart Oil, pfd.	20c	Sept. 1	Aug. 15
Do., participat.	25c	Sept. 1	Aug. 15
Sylvanite Gold	5c	Sept. 30	Aug. 14
Sunset Oils	1¼c	Sept. 15	Sept. 1
Howard Smith, p.	$1.50	Oct. 15	Sept. 30
Teck Hughes	10c	Oct. 1	Sept. 10
Tip Top Tailors, c.	7½c	Oct. 1	
Toronto Elev., p.	65½c	Sept. 5	Aug. 25
Twin City, pfd.	†$3.50	Aug. 21	Aug. 7
Toburn Gold	3c	Aug. 22	July 22
Tip Top Tlrs. Inc. p.	$1.65	Aug. 15	July 31
United Fuel, pf. A	75c	Oct. 1	Sept. 19
Un. Grain Growers, A	$1	Sept. 15	July 31
Do., B	25c	Sept. 15	July 31
Upper Can. Mines	2½c	Aug. 21	Aug. 15

Britain Sets the Ration Pattern

U. K. Supply Control Methods Have Valuable Tips for Canada

As Canada's system of formal coupon rationing has now spread to gasoline, sugar, tea and coffee, interest is aroused over what steps may come next. First phase of our wartime economy dealt largely with control of prices. Now the emphasis is on most equitable distribution of available supply. An adequate system of supply control cannot be reached through a price system alone. To serve the dual end of justice and full wartime efficiency there must be a system of rationing and allocation of goods.

In this increasingly important phase of our wartime way of living much valuable information can be obtained from United Kingdom experience along the same lines. An interesting summary of this experience has been made by the Bureau of Foreign and Domestic Commerce of the United States Department of Commerce, from which most of the following material is derived.

Retailers Rationed

British retailers are rationed in that they are permitted to buy only in accordance with the number of consumers registered with them, irrespective of differences in wealth of the customers.

Retailers of non-food items are not individually rationed but the supply that can be sold to retailers as a group, is limited on many items. This is done through the Limitation of Supplies Order issued by the Board of Trade. These orders directly affect about 63% of all non-food consumers' goods. Some of the goods affected by Limitation of Supplies Orders with the percent of the former sales that now may be supplied to retailers are as follows:

Electric appliances, refrigerators, vacuum cleaners, washing machines	25%
Glassware	20%
Radios	25%
Mattresses	50%
Cabinets	25%
Pots and pans and cutlery	20%
Luggage	25%

Shift of Population

Manufacturers and wholesalers may allot goods to individual retailers in any fashion they wish; the restriction is merely on the aggregate of goods sold to all retailers. This provision makes possible the redistribution of goods necessary as a result of shift in population. The Board of Trade urges manufacturers and wholesalers to spread supplies evenly with regard to population shifts.

Many sellers, however, adopt the policy of rationing individual retailers to a percentage of their purchases in some base period. It is not considered ethical to cut off a small retailer entirely after years of dealing with him. On the other hand, those manufacturers who formerly sold largely to chain stores, have continued to give preference to their old customers.

The Retail Distributors Association in England has pointed out that the natural tendency is for manufacturers and wholesalers to favor large accounts, sell to the highest bidders, prefer cash to credit sales, push the sales of higher profit goods and fill contracts in preference to hand-to-mouth orders. The result is reported to be a bidding up of wholesalers and manufacturers' prices which have not been well controlled, and higher retail prices legitimately based on higher costs of goods.

Some Observations

From the British pattern of rationing the U. S. Department of Commerce has formulated some definite observations. It is pointed out that many of the food items that are price controlled are not rationed. Of the long list of non-food items that are now price fixed, only clothing is rationed. Several serious difficulties are said to arise from this situation.

One is that where the fixed price is uniform throughout the country, as is the case with most food items, the supplies do not move any farther than is necessary to sell them. Oranges seldom move far from the port. Another difficulty is that at the fixed price the demand exceeds the supply, with the result that long queues form in front of the British shops and working women are placed at a disadvantage in the search for the desired unrationed foods.

It is reported that merchants tend to sell price controlled items only to favored customers or to those who will register with them for rationed goods. As a result, many housewives register for each rationed item at a different store, in order to be able to buy unrationed but price controlled items at those stores. Further, since the legitimate effect of demand exceeds the supply at the fixed price, the pressure from violation of the legal price is great.

Price Effect Complex

The effects of rationing on prices are complex. Rationing without price control may tend to increase prices, if the total quantity rationed is less than the supplies that have been going into the market previously, for in this case the effect of rationing is to create an immediate scarcity on the market. Since consumers are normally willing to pay a higher unit price for a small quantity than for a larger one, conditions will favor a rise in prices. If, however, the total ration supply is about the same as the volume that has been going into the market (the purpose of the rationing merely being to distribute the supply more equitably) then the effect of rationing is to retard price advances for the ration commodity. Rationing by quantity cannot prevent price rises when incomes increase, for although the quantity that may be sold is limited, the amount of money that may be offered for the goods is not limited.

Rationing By Value

In the case of rationing by value, as England does for meat, the government can exercise considerable control over prices by adjusting the total permitted monetary expenditure on the commodity to the available supply. There may, however, be uncontrolled shifts of demands for different varieties of the goods, demand for the lower price grades being increased in the case of rationing by values, just as demand for the higher price grade is increased when rationing is by quantity.

The effect of the rationing of one commodity upon the demand for other commodities must also be considered. In Great Britain, when meat rations were restricted, the consumption of bread, which is unrationed, increased 20 per cent in three months. Vegetables which were neither rationed nor price controlled rose sharply in price.

How It's Done

From Britain's experience with rationing, several principles and conclusions have emerged:

Rationing has to be applied differently to different items. Tea, sugar and bacon may be rationed individually by quantity since they are fairly homogeneous. Meat must be rationed by value. Some foods may be rationed by groups since not all consumers want to buy all the items. Group or "point" rationing permits greater freedom of consumer choice.

Items for which the supply provides only a very small quantity per capita, such as eggs, can nevertheless be rationed equally. Even one egg a week may be acceptable, if one knows that no one else is getting more.

Durable goods such as furniture and automobiles may not need to be bought by everybody during the war. The solution is to require the prospective purchaser to show need.

Equal rations of some items are not fair, because of differences in consumption habits. For example, cheese is a staple food for the working class, but less so the rich. Rationing of one item may necessitate the rationing of others, especially "substitutes," an example being butter and margarine.

Ration Used Goods

Rationing of new durable goods cannot effectively produce equitable distribution without control of used goods. Britain found it desirable to ration second-hand clothing.

Rationing requires definition of the goods to be rationed, and implies some standardization of those goods.

Rationing by quantity without price control tends to increase prices, if the total quantity rationed is less than previous sales, and results in a bidding up of the prices of the more desirable type of the commodity being rationed. Price control without rationing results in difficulty in enforcing the price control and in difficulty for the consumer in securing the goods. Rationing tends to retard price advances, if the quantity put on the market is not reduced, but cannot by itself prevent price advances when incomes rise.

Rationing of one commodity necessitates price control of substitutes.

Where maximum fixed prices do not make adequate allowances for transportation costs, goods in short supply will not move farther than is necessary for the entire supply to be sold, unless they are rationed.

Some goods may be deliberately reserved for special classes, e.g. milk for mothers and children.

Occupational exemption may be granted, e.g. protective clothing for workers.

Rationing of branded goods may intensify the competition between brands.

Rationing of "necessary" and non-postponable goods should be applied before serious shortages develop, in order to build up or maintain stocks, rather than deplete them.

Maximum freedom of choice would be gained by the extension of the principle of group rationing to include all goods. This would involve limiting the total amount of money a person could spend, but permitting him to spend it on anything. The minimum of price control would be necessary under this rationing scheme.

Injustices Possible

In appraising the English experience in control of supplies, the U.S. Department of Commerce remarks that the Limitation of Supply Orders involves a principle that may result in injustice to some retailers. Manufacturers' supplies of many items are drastically reduced, and individual retailers are not assured of getting their shares of these limited supplies. Small retailers may be discriminated against because it is more costly to serve them.

While it may be argued that it is desirable to reduce or eliminate the cost involved in selling to these small retailers, especially in a country at war, it is declared that an orderly plan of concentration of retailers, such as is now being studied, by a committee of the Board of Trade, is preferable to unplanned elimination of such dealers. If the present number of retailers is to be supported, then they should be rationed to assure their supplies, it is maintained.

On the other hand, large retailers complain that they cannot get supplies in some cases where the manufacturers have their own retail outlets, and where manufacturers can dispose of their entire supplies at higher prices to smaller buyers. A manufacturer who is restricted to 50% or 25% of his previous output no longer needs to give appreciable discounts to large retail organizations, who formerly got such discounts for making possible full production at lower average manufacturing cost.

Too Little, Too Late

This experience in rationing goods to consumers is instructive in many ways. Most important is the conclusion that is now emerging, that Britain has applied rationing "too little and too late." Sales have exceeded replacements; some goods have vanished entirely and the inventories of others are dwindling rapidly. Consumers with sufficient purchasing power and foresight stocked up, with the result that the consumption of goods has been poorly distributed in respect to both time and persons.

The work of the British Standards Institution seems to show, it is stated, recognition of the necessity for setting up standard specifications for goods that are price-controlled or rationed.

With Harvesting Started Market Problems Loom Next

From Our Own Correspondent

WINNIPEG.—Small quantities of western grain have already been harvested and daily more millions of bushels become ripe enough to cut. But much of the crop has been delayed by wet weather, and some beaten down by heavy rain. This will increase labor of handling and may cause some small loss. On the other hand the moisture will undoubtedly cause heavier filling and thus total volume of grain produced may be larger. Normally, however, farmers would prefer hot dry weather at this time to push even ripening and simplify the job of harvesting with the critically short labor supply available this season.

Farmers' Income

Each day makes more certain the production of a great crop although there is less interest in this matter this year, because in any event much more grain is going to be produced than can be marketed immediately.

Calculations of farmers' income from grain must be based on the amount of crop he can sell. The guaranteed sale of 280 million bushels of wheat, which the Wheat Board is to take, will net western farmers about $200 millions.

Sale of other grains may give them another $100 millions, perhaps somewhat less, perhaps a good deal more. It will all depend upon what quantities of oats and barley may be absorbed by the American market. The Canadian government has guaranteed farmers minimum prices on such grains. But unless a very large movement takes place across the international boundary, there will be physical impossibilities, due to lack of storage space in the way of implementing such guarantees. What alternative the government might find it necessary to offer farmers if the price guarantees cannot be fully implemented is already causing some discussion.

Coarse Grain Problem

Greatest interest in the grain market at present is the problem of disposing of oats and barley. The Canadian government still requires permits before such grains can be exported. That policy was resorted to a year ago when there was some prospect of an actual shortage of feed grains in Canada. It needs to be abandoned quickly, as soon there will be a flood of such grains ready to flow. Buyers south of the border will not place forward orders for oats and barley now, nor will dealers on this side buy for export unless they feel sure that there will be no impediment to the movement of such grains when the time for movement comes.

A mere liberality in granting permits will not be sufficient, the permit system itself will have to be got out of the way if the trade is to move freely. Moreover, that in itself may not be enough. It may later be necessary to ask for some modification of duties on the import of feed grains into the United States, something possibly implied, though not definitely specified in the recent agricultural agreement between Washington and Ottawa. But Canada can hardly ask for that until Canadian impediments to the trade are removed.

New Wheat Price

The market understands that Canadian millers are to go to the open market for their supplies of wheat to be milled into flour for domestic consumption. The Canadian Wheat Board is not to sell wheat to them at a price which would enable millers to sell flour at ceiling prices. Instead some form of subsidy will be paid by the Wartime Prices and Trade Board, with the Wheat Board as an intermediary in the payment.

Observers are watching closely for any indications as to whether or not this will be the policy, or whether millers may have to bid a cent or so over that level to get farmers to sell to them instead of the Wheat Board. Opinions on that point will probably not be definitely formed until new wheat is moving in quantity.

The Week in Oils

From Our Own Correspondent

CALGARY.—The north extension area of Turner Valley swung back into the news this week with announcements of:

1. Five new locations for wells backed by independent operators.
2. Confirmation of the important Home Sand marker at Northend Pete No. 1, a test in this area.

Five new locations have been staked in recent days as independent operators acted on revised geological opinion resulting from recent drilling and recent completions in the north extension.

The new locations are: Calmont Millarville No. 1, in L.S.D. 3 34-20-3w5; Calmont Millarville No. 2, in L.S.D. 12 34-20-3w5; Home Millarville No. 14, in L.S.D. 16 33-20-3w5; Major Oil Investments No. 15, in L.S.D. 8 4-21-3w5; and National Vulcan No. 1, in L.S.D. 15 5-21-3w5.

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Two "East Side" Wells

Particular interest is attached to the Calmont-Millarville and Major 15 sites, because of their location apparently east of the Turner Valley structural crest. It had been widely believed, not so long ago, that Alberta Oil Incomes 1 and Major Oil Investments 1 wells, located on the crest of the limestone uplift, marked the eastern edge of the north extension producing area.

That belief underwent a change recently when Major Oil Investments 9, located quarter of a mile east of Foothills 10 and east of the structure crest, drilled 1,000 ft. below the point where the Foothills well found the limestone, encountered the Madison and developed large production. (Current allotment in 488 bbls. daily).

The success at Major 9 brought hopes that a fairly broad and long productive belt of limestone lies east of the structural crest.

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New Information Coming

Northend Petroleums No. 1, which is two miles north and west of Major 9 in L.S.D. 12 9-21-3w5, confirmed the important Home sand marker last week end at 7,840 ft. indicating that the Madison limestone may be reached around 8,350 ft. Major No. 9 reached the Madison at 7,618 ft. This Northend Pete. well, and the Northend Pete. Nos. 2 and 3 wells further north, and down dip, will tell much about the northward extension of the limestone tapped by the Major 9 producer.

The new Major No. 15 site, quarter of a mile north of Major No. 9, will add further important data concerning breadth of this limestone body in the immediate vicinity of the producing well. The Calmont-Millarville sites, located three-quarters and one and a quarter miles south and east of Major No. 9, should provide vital information on the productive prospects of the area east of the structure crest, up dip and south of the discovery "east side" producer.

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Financing Details

Calmont Oils is financing the Calmont-Millarville tests. The wells will be drilled in rotation, starting with No. 1, using a Calmont-owned heavy duty rotary rig. The No. 1 well is subject to crown royalty plus 7½% gross to others. No. 2 is subject only to the crown royalty. The Major Oil Investments No. 15 test is expected to be financed by issue of preferred net royalties.

Home Oil Co. is financing the Home-Millarville No. 14 well, which is located on the presumed crest of the structure, quarter of a mile south of Major 9. Preliminary work has already been started. The well will be drilled by contractor Drilling Contractors Ltd., using the Home-owned rig from recently completed Home-Millarville 10.

National Petroleums and Vulcan Oils are joining forces to drill the National-Vulcan No. 1 well.

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Brit. Dominion Active

The British Dominion Oil & Development Corp., which has participated to the extent of 25% in the highly-successful Atlas-British Dominion No. 2 producer and the drilling Atlas-British Dominion No. 3, has taken over the entire interest in the balance of the section on which these wells are located, and is now completing plans for the drilling of two wells on its own account.

According to official word received this week, British Dominion has purchased the interest of Atlas Investments in this highly-rated Section 17-21-3w5. The property is subject to 12½% gross royalty to the C.P.R., 5% to Home Oil Co. and 2½% to others. Home Oil has the right, under its lease agreement, to share in development costs and production up to half. British Dominion, therefore, could have a partner in its new development programme.

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Toronto Participates

Bulk of the funds for the purchase of the remaining interest in section 17 and for the drilling programme on which British Dominion will soon embark comes from a group headed by John Conroy, president of National Magnesium Co. of New York, and Ewart Angus, Toronto financier. This group is advancing some $300,000 of which over half will be the purchase price of a large block of treasury shares in British Dominion, the balance loans to be repaid from production.

Section 17, the block taken over by British Dominion, lies at the current northerly end of the Turner Valley producing area. Atlas-B.D. 2, now on production in L.S.D. 4, has an allowable of 676 bbls. per day. With a low gas-oil ratio and high formation pressure, the well is regarded as one of the best yet completed in the field. According to J.O.G. Sanderson, the geologist who staked Atlas-B.D. 2 and other north extension "discovery wells," there are at least seven and perhaps as many as a dozen more good locations in section 17.

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Home No. 13 Drilling

Home Millarville No. 13, north Turner Valley test in L.S.D. 9 33-20-3w5, has been spudded in and is drilling at 209 ft. The well is a north offset of the Home Millarville No. 1 producer.

Drilling is to be resumed in the near future at the Lion-Sunray No. 2 well, central west flank test in L.S.D. 1 13-19-3w5 adjoining the Lion-Sunray No. 1 producer. The well has been standing at 4,662 ft. for some time. The heavy duty rotary from the Lion-Davies No. 1 test is now being moved back to the site, from which it was withdrawn last spring for use at the Lion-Davies test in the far north extension.

Dividends Declared (Cont'd)

Wright-Hargreaves	10c	Oct. 1	Aug. 26
Wilsil	25c	Oct. 1	Sept. 15
Do.	25c	Jan. 2	Dec. 15
Willson Stat. pf.	$1.25	Oct. 15	Sept. 30

†Payable in U. S. funds.
■Subject to approval of Foreign Exchange Control Board.
‡Also 40c payable Dec. 1.

Wheat Prices

Winnipeg Grain Futures

Week to Aug. 17, 1942

Crop year from Aug. 1, 1942 High	Low		High for week	Low for week	Close Aug. 17
		Wheat			
.90	.90	Oct.	.90	.90	.90
		Oats			
.45⅝	.45⅛	Oct.	.46⅞	.46½	.46¾
.45⅝	.45⅜	Dec.	.46⅝	.45¾	.45¾
		Barley			
.60¼	.60¼	Oct.	.61¼	.60⅝	.60⅞
.60¼	.60⅛	Dec.	.61	.60½	.60½
		Rye			
.53⅝	[illegible]	Oct.	.54⅞	.54½	.54½
.55⅝	[illegible]	Dec.	.56⅝	.56⅛	.56⅛

Cash Quotations

	For Week Aug. 17 High	Low	Prev. Week High	Low
Wheat:				
1 Nor.	.88⅝	.88¾	.88¾	.88½
2 Nor.	.85¾	.85⅝	.85¾	.85¾
3 Nor.	.83¾	.82⅝	.82⅝	.82⅛
4 Nor.	.81⅝	.80	.80	.79½
5 Wheat	.79	.77	.74	.74
6 Wheat	.76	.72⅛	.72½	.72½
Feed	.73	.70	.70	.70
Oats:				
2 C. W.	.46⅛	.46	.45⅝	.45
3 C. W.	.45¼	.45	.44⅝	.43⅛
Barley:				
1 Feed	.57½	.56⅝	.57½	.56⅝
2 Feed	.55⅝	.55⅝	.56⅛	.56⅝
Rye:				
2 C. W.	.53⅝	.53⅝	.56⅝	.56⅝

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DIVIDEND NOTICES

Macassa Mines, Limited
(No Personal Liability)
DIVIDEND NO. 29

NOTICE is hereby given that a dividend of eight cents (8c) per share has been declared on the issued capital stock of the company for the quarter ending September 30th next, and will be payable on September 15th, to shareholders of record August 31st, 1942.

By Order of the Board.
L. SOLIAGUE,
Secretary.

Toronto, August 17th, 1942.

Lake Shore Mines Limited
(No Personal Liability)
DIVIDEND NO. 90

NOTICE is hereby given that a dividend of Twenty Cents per share, on the issued capital stock of the Company, will be paid on the fifteenth day of September, 1942, to shareholders of record at the close of business on the first day of September, 1942.

By order of the Board.
KIRKLAND SECURITIES LIMITED
Secretary.

Dated at Kirkland Lake, Ontario, August 15th, 1942.

CANADIAN WIREBOUND BOXES LIMITED

Dividend Notice

The Directors of the Company have declared a dividend of Fifty cents (50c) on account of arrears on the class "A" shares of the Company, payable October 1st, 1942, to shareholders of record at the close of business September 15th.

By order of the Board,
F. H. ELLIS,
Secretary.

DIVIDEND NOTICE
English Electric Company of Canada, Limited
CLASS "A" SHARES

Notice is hereby given that the Board of Directors have declared a dividend of sixty-two cents (62c) per share on the outstanding Class "A" shares of the Company, payable September 15th, 1942, to shareholders of record at the close of business on August 31st, 1942.

AUBREY MUNDY,
Secretary.

August 12th, 1942.

DIVIDEND NOTICES

McKENZIE RED LAKE GOLD MINES LIMITED
(No Personal Liability)
DIVIDEND NO. 23

Notice is hereby given that a quarterly dividend, amounting to three cents per share for the third quarter of 1942, has been declared payable September 15th, 1942, to shareholders of record at the close of business August 31st, 1942.

By order of the Board.
H. M. ANDERSON,
Secretary-Treasurer.

Toronto, Ont., August 12th, 1942.

BANQUE CANADIENNE NATIONALE

Quarterly Dividend

NOTICE is hereby given that a dividend of two per cent (2%) has been declared by the Directors of Banque Canadienne Nationale on the paid-up capital stock of the Bank for the quarter ending on the 31st day of August, 1942. This dividend, bearing the number 206, will be payable at the Main office or at the branches of the Bank, on or after the first day of September, to the shareholders of record on August 15.

By order of the Board,
CHARLES ST-PIERRE,
General Manager.

THE BRITISH AMERICAN OIL COMPANY B-A LIMITED

NOTICE is hereby given that a dividend of Twenty-Five Cents (25c) per share has been declared on the issued No Par Value capital stock of the Company for the third quarter ending September 30th, 1942. The above dividend is payable in Canadian funds, October 1st, 1942, to shareholders of record at the close of business on the 10th day of September, 1942.

H. H. BRONSDON,
Secretary.

Dated at Toronto, August 12th, 1942.

FORD MOTOR COMPANY OF CANADA, LIMITED

DIVIDEND No. 59

The Board of Directors has declared a cash dividend of twenty-five cents ($.25) per share, payable on all of the outstanding shares of the company on September 19, 1942, to shareholders of record at the close of business August 29, 1942.

G. G. KE[illegible]
Secretary.

Windsor, Ont.
August 11, 1942.

More Miners For Base Metals Is Big National Problem

By GORDON M. GRANT

Authorities are now putting forth a strong effort to remedy the acute labor shortage which is rapidly developing in Canada's base metal mining industry. With every base metal mining operation across Canada affected, it has become increasingly evident that production will be adversely affected if more men are not made available for base metal mining operations.

National Selective Service officers from Ottawa are reported to have already met with representatives of the Ontario Gold Mining industry with a view to having industry itself suggest a plan for diverting some hard-rock gold miners to the base metal producers. The object is to find some voluntary way to make further men available to base metal mines so that arbitrary restriction of employment in gold mining will not be necessary.

Can Use Compulsion

Failing some voluntary method of making the necessary men available to base metal mines, it appears compulsion may be just around the corner. Base metal mining is an essential industry and has been mentioned specifically as one likely to benefit from Canada's projected programme of national selective service. Selective service may become operative around September 1.

While there is no official desire to place the gold mining industry in jeopardy, it appears that gold mining may be called on to give up still further men. This, however, may not be quite as difficult as it would at first seem. Under the mine freezing order, gold mines cannot carry on extraordinary development and new mines cannot be opened up. This has served to reduce use of labor. That gold mining will be affected to some degree, nevertheless, appears evident.

It would be possible to "draft" workers from non-essential industries into base metal mining, but the need is for skilled miners, which apparently only the gold mines can supply.

Production of more than one base metal mine has been already hit by the necessity of using "green labor." There appears to be a definite limit to the proportion of "green labor" that may be used without seriously affecting efficiency. It is quite possible that women may be used in certain roles by mining companies to alleviate the acute labor situation. Women have already been taken into the offices of many mines. The next step will likely be use of women in milling plants above ground.

More Mechanization?

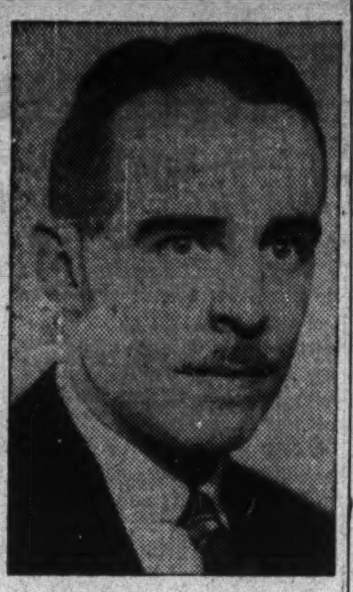
Canadian firms are now reported negotiating for patent rights to manufacture automatic loaders and "face" loaders in Canada. Use of this type of equipment more extensively could play an important part in relieving the present mine labor situation, it is suggested. One loader may relieve the demand on labor by up to 10 to 12 men.

While many mines already make extensive use of loaders, a surprising number of mines could use more of this equipment. One large Canadian base metal operation is reported to have purchased its first loader this year. This particular mine could use hundreds of loaders if they were available.

If base metal mines are further mechanized during wartime, another postwar problem might arise. Use of labor in mines after the war might be much smaller. There might be a severe reduction in the number of men the mines could profitably reemploy.

Just now, mines are eating into their resources of ore—more seriously than most people know—and possibly extra miners might be used after the war to prosecute a forward-looking programme of development to improve the ore situation at individual mines.

A considerable proportion of base metal miners—perhaps 10 to 15%—is still liable for military service. While deferments can be secured, many miners have been going directly into the services, preferring to go in immediately rather than to take advantage of a temporary deferment.



NEW MANAGER

Howard A. Eaton, secretary of the Crown Trust Co., Toronto, for the last five years, who has been appointed manager of the Toronto office. He succeeds J. Ragnar Johnson, who has accepted a post in Calgary. Mr. Eaton joined Crown Trust at Montreal in 1927.

Disher Steel Construction Co., Ltd. operations and earnings in 1942 to date have been below those of 1941, it is stated. The decline reflects the falling off in building construction, the company's main field of operation, due to the demand for steel for essential war purposes. The company has been able to secure certain other types of work but not in sufficient volume to offset the decline in construction.

U. S. Iron Ore Need Has Canadian Bearing

The United States has long been known as perhaps the richest country in iron ore resources in the world but even its "inexhaustible" supplies are now proving inadequate.

As resources of high-grade iron ore have become fully utilized, U. S. iron companies have found it necessary to resort to old marginal and submarginal properties, some of which have not been worked since Civil War days. In many cases, long rail hauls are involved making the iron ore high cost.

Look at Canadian Mines

For the past year or two investigation of Canadian iron ore resources has been carried on and the present situation may possibly bring a number of Canadian properties to the fore.

The old iron mines being reopened in the U. S. are located in New York State (the Adirondacks), New Jersey and in Pennsylvania. While grade is low and impurities are often high, these mines must be utilized to achieve new records in production of iron ore. During 1942, it is hoped to move 90 million tons of ore or 11% more than last year and 35% more than the 1916 peak.

So important has the business of iron ore delivery become that the U. S. War Production Board has found it necessary to spend between $20 and $30 millions and to use 5,000 tons of steel to provide alternate ore delivery facilities. At present most of the iron ore is delivered through the Sault Ste. Marie, Mich., canals by boat and it is estimated that 84 million tons will pass through the locks there in 1942. To safeguard against anything happening to these locks, special dock facilities are being provided at Escanaba on Lake Michigan and connecting railroads are being strengthened to provide the alternate ore route.

At present 300 American boats and 20 Canadian vessels are engaged in carrying iron ore. With completion of the new facilities, it is estimated that 100 million tons of iron ore a year can be moved down the lakes to the steel consuming centres.

"Monetary Times" At 75th Birthday

In its latest issue of Aug. 15, "The Monetary Times," Toronto, celebrates its 75th anniversary as a continuous weekly business publication. To celebrate the occasion, the weekly has issued a special anniversary number, in which is traced the paper's record since its founding in 1867.

The issue contains a brief summary of the paper's editorial policies since its founding together with surveys of Canadian economic and commercial trends since 1867.

Inquiries invited regarding Canadian Industrial and Mining Investments. We specialize in the Dividend Paying Gold Mines and in new gold mining properties under present active and encouraging development.

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CANADIAN OIL ROYALTIES

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Maritime Telegraph & Telephone Co.'s record scale of operations continues. Toll traffic handled in June amounted to 200,204 completed calls, an increase of 21,252 over the same month last year. At the end of June the company had 54,193 stations in operation, a net gain of 505 during the month.

Zellers, in the first four months of its new fiscal year, or the period ended May 31, 1942, is understood to have had sales over 16% higher than in the same period of 1941. As no new stores were opened in 1941 and 1942, these sales results are on a directly comparable basis.

Mining INVESTMENTS

International Nickel Co. has a nice "cushion" for payment of future dividends that many shareholders don't know about.

Under the regulations of the Foreign Exchange Control Board, a company is only allowed to pay dividends out of earnings. With Inco earnings running only about $2.05 a year—against dividends of $2.00 a share—some people have thought that the margin of safety for payment of the Inco dividend was not very large.

But the surplus of all earnings above all dividends paid since June 30, 1939, is actually available for payment of dividends. This means a considerable backlog of profits is available for payment of Inco dividends even if the $2 a share dividend rate should at some time not be covered by current earnings. An extra sum of $11,713,104 or 80 cents a share is thus available for meeting Inco dividend payments as at June 30, 1942.

As far as the company's financial position is concerned, working capital remains close to the highest figure on record. It thus appears likely dividends could continue to be paid at the $2 rate even if current earnings were not at this level. Heavy write-offs over the next few years should be reflected in a heavy flow of cash back into the company's treasury which could conceivably be used for payment of dividends up to the limit allowed by F.E.C.B. regulations.

From these considerations, the fact current earnings of International Nickel are little above dividends paid does not mean jeopardy of the company's ability to continue its present dividend policy.

* * *

A silver "boom" has been generated by the extensive use of silver in war industries and it now appears that additional supplies of this metal would be most welcome.

All the foreign silver purchased by the United States at 35 cents an ounce has now been channelled by the U. S. War Production Board priorities into war industries. This has forced jewellers to outbid the United States Treasury for silver mined in the United States. The U. S. Treasury pays 71.11 cents an ounce for domestic silver and jewellers south of the line are now paying as high as 72 cents an ounce to secure needed supplies.

* * *

Nickel from Cuba will play an important part in meeting United Nations growing requirements. A New York dispatch notes that more than 2,000 engineers and laborers are now at work on a plateau at the eastern end of Cuba preparing foundations for a $20 millions plant and auxiliary facilities to open a new source of nickel.

Exact capacity of the plant under construction has not been made public but it is expected to add between 10 and 20% to the United States supply of nickel. Reserves of ore are said to be sufficient for at least 50 years of operation. Mining costs are expected to be low as the ore is close to surface and can be mined by open-pit methods.

As the ore is understood to be relatively low grade, it is doubtful if production plans would have materialized without the present "all-out" war effort. Financing of the project is being carried on by the governments of the United States and Cuba and the private corporation, the Nicaro Co., a subsidiary of the Freeport Sulphur Co.

* * *

Slowness of officialdom in placing marginal resources of mineral wealth in production is being criticized in the United States as well as Canada.

The American Metal Market, a New York publication devoted to the metal and mining industries, cites the cases of a copper mine in California and a lead-zinc mine in Arizona which could be readily placed in production except for delay in working out details and red tape.

In the United States, bonus metal prices are available for extra production and the criticism is concerning the difficulty of securing action rather than prices. In Canada, a number of mining men think that information should be made more readily available on what the government is willing to pay for extra production secured here.

Oil Royalties

Producing Wells — Prices and Payments

	Aug. daily allow. bbls.	July daily allow. bbls.	Apr. pay. 1% $	May pay. 1% $	June pay. 1% $	Paid to June 30 1% $	Dealers offering price† $
Ace No. 1 gross	543	538	242.98	241.82	241.87	2,920.90	.....
Alta. Oil Inc. No. 1 gr.	80	76	53.20	52.40	48.40	3,395.60	1,500
Do., No. 1 net	80	76	44.40	42.00	39.60	3,916.40	1,200
Do., No. 2 gr.	522	518	229.20	252.80	234.80	5,169.60	....
Do., No. 2 net	522	518	208.80	231.60	213.60	5,190.60	6,600
Allied No. 1 pfd.	100	100	44.63	42.80	45.84	575.53	1,500
Arrow No. 1 net	150	156	77.20	78.00	70.00	1,285.60	1,900
Do., No. 2 net	190	196	76.40	94.00	80.00	1,218.20	2,100
Atlas No. 1 net pfd.	110	120	8.80	35.60	62.40	106.80	1,900
Atlas-Br. D. No. 2 pfd.	676	699	....	466.80	416.00	882.80	9,600
D. & D. net pfd.	75	75	34.40	36.40	32.40	1,693.40	1,300
East Crest No. 5	135	125	....	....	69.20	69.20	1,900
Independent No. 1 p.	225	235	150.65	148.99	133.92	1,602.79	3,800
Do., No. 1 gr.	225	235	107.84	107.09	97.75	1,670.90	.....
Major Oil No. 1 pfd.	121	129	74.00	77.60	61.60	442.00	1,800
Do., No. 1 gr.	121	129	71.60	72.40	60.80	1,315.40	2,200
Do., No. 2 pfd.	604	623	446.80	430.40	376.40	3,447.80	7,100
Do., No. 2 gr.	604	623	334.40	331.20	286.40	4,550.00	9,600
Do., No. 2 dfd.	604	623	....	....	....	......	6,600
Do., No. 3 net	835	840	549.20	534.00	476.80	4,672.40	9,000
Do., No. 3 gr.	835	840	406.00	396.00	373.20	4,127.60	.....
Do., No. 4 pfd.	268	304	384.40	325.20	292.40	1,512.80	4,300
Do., No. 4 gr.	268	304	276.40	248.00	218.80	1,842.80	5,600
Do., No. 7 pfd.	649	...	....	....	....	......	7,600
Do., No. 7 gr.	649	...	....	....	....	......	9,000
Do., No. 8 pfd.	...	...	....	....	....	......	5,000
Do., No. 8 gr.	...	...	....	....	....	......	7,000
Do., No. 9 gr.	488	400	....	....	45.20	45.20	7,800
Do., No. 9 pfd.	488	400	....	....	....	......	5,600
Miracle No. 1 pfd. net	409	453	456.48	414.82	155.36	4,047.41	5,000
Do., No. 1 gr.	409	453	316.47	296.21	273.68	3,800.08	7,500
Do., No. 2 pfd.	272	280	78.69	239.30	260.91	578.90	4,000
Do., No. 2 gr.	272	...	....	....	196.94	196.94	5,600
Renown No. 1 pfd.	100	...	....	....	46.56	46.56	1,500
Winalta No. 1 pfd.	93	96	54.40	72.00	41.20	3,300.30	1,000

†Approximately 20% below dealer's bid prices usually.

Drilling Wells — Prices and Depths

	Drilling depth ft.	Offering price per 1%		Drilling depth ft.	Offering price per 1%
Atlas Br. Dom., No. 3 p	6,095	*$4,375	Northend, No. 1 pfd.	7,832	$5,000
Bonaventure, pfd.	6,365	3,600	Northend, No. 1 gr.	7,832	5,600
Major Oil, No. 6 pfd.	5,632	5,700	Northend, No. 2 pfd.	5,846	4,400
Major Oil, No. 6 gr.	5,632	7,300	Northend, No. 2 gr.	5,846	5,500
Miracle, No. 3 pfd.	5,872	5,000	Northend, No. 3 pfd.	8,636	4,400
Miracle No. 3 gr.	5,872	6,400	Northend, No. 3 gr.	8,636	7,000
Northclon., No. 1 pfd.	5,059	4,800	New Ranchmen's, pfd.	520	*3,200
Northclon., No. 1 dfd.	5,059	2,100	Empire, pfd. (Ont.)†	...	*1,100
Northclon., No. 1 gr.	5,059	6,300	Hi-Test Pete., pfd.†	...	*3,600

Week In Oils On Page 13

Mt. St. Patrick Now Producing

First Carload Processed Yields Over 1% MoS_2— To Expand Operations

Production of molybdenite—the ore of molybdenum—has been commenced by Mount St. Patrick Molybdenite Syndicate. The first carload of molybdenite ore shipped to the Quyon mill in Quebec on Aug. 15 has returned an average of over 1% MoS_2, P. N. Moreland, syndicate manager, reports.

It is now proposed to form a new syndicate, Mr. Moreland states, which will mean in effect the increasing of the Mount St. Patrick capitalization from $10,000 to $35,000 immediately. Following this unit-holders at a specified date are to receive unit for unit in the new syndicate plus a bonus.

Plans to increase operations and tonnage output are to be placed in [illegible]

U. S. Paper Mills Build Pulp Reserve

Lower Scale of Activity and Possible Transport Tie-up Are Factors

From Our Own Correspondent

MONTREAL. — American paper mills are continuing to increase their stocks of purchased wood pulp both at mills and at docks.

Stocks at mills reporting to the American Paper and Pulp Association on July 1 amounted to 227,000 tons. This compares with 213,000 tons at June 1 and 200,000 tons on April 1.

This increase results partly from reduced consumption of paper mills which operated at 87.2% of capacity during June, a drop of almost 9% during the month. Another factor is the effort of paper mills to build up pulp inventories against possible future transportation difficulties.

Public Utility Earnings

SOUTHERN CANADA POWER

July:	1942 $	1941 $	Incr. %
Gross earn.	272,922	255,253	6.92
Oper. exps.	83,912	76,589	9.56
Taxes	70,598	56,210	25.60
Net earn.	118,412	122,454	*3.31
Less: Int., depr. & divds.	117,099	115,380	1.49
Surplus	1,313	7,074	*81.44
Ten Months Ended July 31:			
Gross earn.	2,704,414	2,455,723	10.12
Oper. exps.	821,768	703,459	16.82
Taxes	603,035	556,236	8.41
Net earn.	1,279,611	1,196,028	6.99
Less: Int., depr. & divds.	1,168,535	1,143,629	2.18
Surplus	[illegible]	[illegible]	[illegible]

Perhaps Canada Can Supply Your Raw Materials!

If your former sources of raw materials have been cut off, it's time you called on our Department of Industrial Development. We can advise you . . . and perhaps help you to find new sources of substitutes.

Back of this Department are years of experience and accumulated first-hand information on Canadian resources and raw materials. It is, in effect, a clearing house for such information as well as for industrial information . . . sites . . . labour . . . fuel . . . power . . . agencies . . .

This Department is at your disposal. Your problem will be treated as confidential and the service offered is without charge or obligation.

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G. M. Mutt, Asst. Development Commissioner
R. J. Prittie, Industrial Commissioner

CALGARY
E. J. Semmens, Travelling Industrial Agent

VANCOUVER
C. W. McBain, Industrial Agent

LONDON, ENGLAND
H. B. F. Kingscote, Industrial Agent, (Office Shrewsbury, Eng.)

Thank You, John Bull and Uncle Sam!

BRITONS IMPRESSED

Understatement is a notable British trait, which makes two letters received this week by The Financial Post from England all the more important. In one letter a member of the British House of Commons speaks of The Post as "being the best financial newspaper in the world."

In the other a high official of the Federation of British Industries says it is "from our point of view in this country the leading newspaper in Canada and the greatest of its type in the Americas."

[redacted] MANUFACTURERS OF [redacted]

August 7, 1942.

The Financial Post,
The Maclean Publishing Company,
University Avenue,
Toronto, 2, Ontario,
Canada.

Gentlemen:

I am writing you what amounts to a "fan" letter. It's about your regular column called "London Calling", written by the anonymous "Adelphi".

It's about the brightest, most level-headed stuff I've seen either in Canada or the States. I don't think anything compares with it, unless it is possibly the column called "London Letter" that runs on alternate weeks in THE NEW YORKER.

Whoever "Adelphi" is, he is to be congratulated, and so are you, on the publication of the most readable, most human comment and commentary on London affairs and officialdom that can be found in any newspaper or magazine in North America. This little bouquet was added to your present supply by virtue of "Adelphi's" August 8th edition, which was unusually good, in my humble opinion.

For reasons of my own, I would prefer that you do not use anything above in your promotion, unless you do so without mention of my name or my company's. I just wanted you to know that fine editorial work of this kind does not go unseen and unpraised here in the States. Good luck to you.

Cordially yours, [redacted]

(signed) [redacted]
Manager, Advertising and Publicity.

THE FINANCIAL POST
TORONTO, ONT. — MONTREAL, P.Q.

Eau Claire Showings Aid to Mica Users

Two Properties Now Turning Out Mineral Vital to Electrical Industry

By ROBERT SHAW-WOOD

Mica showings of the Eau Claire area—30 miles east of North Bay—may yet prove one of the major mineral finds of the war.

It is admitted that the full possibilities are not known. But some high grade white mica has already been taken out, a second producer has come into the picture, and an Ontario government geologist sees no reason why similar deposits may not be found in the district.

Huntley MacDonald and the late Justin Purdy were the discoverers of the muscovite (white mica) in Eau Claire. Purdy's father is now mining mica there on the three discovery claims; well over $10,000 of the material has already been marketed.

Inspiration Has "Mine"

Others in the field include Inspiration Mining and Development Co., which is now reported mining a good grade mica and preparing to market its initial output. Inspiration has put up some buildings, employs a force of about 10; is said to have developed a good tonnage of "reserves." Amic and Mattawa Syndicates have several men engaged in exploratory work. Many independent prospectors, among them George MacMillan, president of the Ontario Prospectors' and Developers' Association, are hunting other showings. Altogether, it is reported, there are 60 persons now seeking or mining Eau Claire mica.

Norman Vincent has exposed mica showings on his claims.

Geologist James E. Thompson, of the Ontario Department of Mines, a short time ago reported that in view of present developments these deposits were "impressive both as to possible quantity and quality of the product."

Why Eau Claire Important

Alloy metals have often been mentioned for their strategic importance. But mica, such as that exposed at Eau Claire, is just as important. It is vital to the electrical industry and vital for spark plugs in airplanes.

Mica isn't a common mineral *even though* almost every child *knows about it*. Once extensively used for windows in stoves and chimneys (a popular name for it was "isinglass") most mica came to North America in time of peace from such faraway places as Ceylon, India, Madagascar, South America. The war curtailed such imports and at the same time increased the need.

In the dealer's hands the mica is prepared for market in a process that requires much hand work. To trim, cut, split and grade it properly, requires practised judgment; no machine has yet been found that does the job as well.

A Key Insulator

In electrical devices mica is an insulator. Best grade mica is, in fact, unrivalled as an insulator for certain uses; there's no substitute for it.

In aircraft motors, where thermal conditions are severe, mica plugs are to be relied on as no other type of plug may be. Also, nothing approaches the efficiency of mica as insulation in high-grade, small-capacity condensers for radio.

Making Spark Plugs

At the spark plug factory thin films of muscovite, "cigarette" mica, are wrapped around the metal spindles of the plugs. Washers made of mica are then forced over this wrapping and assembled under pressure with a bonding compound. After one more operation the spindle is ready for the assembly line; this operation consists of placing the mica-sheathed spindle on a lathe and turning the mica to whatsoever shape may be desired.

In electric motors and generators — basically important for power in production — insulating rings, sleeves, bushings and commutation segment insulations are made of mica.

Needed in Home

In the home electric light bulbs, sockets, fuses, flatirons, toasters, percolators and many other devices function well because of the insulating efficiency of mica.

Medicine is dependent on it through its use in X-ray equipment.

The Department of Munitions and Supply reports that the quality of U. S. muscovite mica is not equal to that of the imported variety (i.e., that from India, Ceylon, Madagascar and South America) and the curtailment of imports from overseas makes it necessary to find workable deposits of the strategic quality required (clear flat mica) on this continent.

Occurring in pegmatite dykes, which contain large masses of quartz and feldspar as well, the muscovite in the Purdy mine is found in the form of rough blocks; these blocks vary in diameter from a few inches to 6 ft. and more; the bigger sheets are the more valuable. Purdy has received $5.25 a pound for sheets 5 in. x 8 in. and larger.

They call these blocks "books" because of the manner in which the mica, finely laminated, splits into thin leaves—leaves as thin as .001 in.

And because mica is classified according to its structural characteristics mica miners have originated a vocabulary of oddly descriptive terms. They may call the mica they find "ruled" mica or they may call it "ribboned" mica, or "A" or "hair-lined" or "herringbone" mica, or plain "fishbone mica," or "horse-tail," "feather" or "wedge" mica. One variety is picturesquely called "tanglefoot" mica.

Open pit miners blast the mica out of the enclosing rock — carefully, if working close to the crystal, so as not to damage it. Then they trim it roughly, grade it according as it is sheet or scrap, and send it to the mica dealer.

Structural imperfections of rough mica crystals constitute the largest factor in determining the yield of sheet mica from the book. Parting planes are often found to have resulted from strains or movements of the enclosing rock which have split the mica sheets into narrow strips or ribbons, sometimes almost thread-like and fit only for scrap, which is worth a good deal less. Books of otherwise excellent grade may be badly buckled, distorted or corrugated. Absolutely flat mica, as a matter of fact, is said to be rare; even in the best grades a slight waviness is usually apparent to the touch or observable by means of light reflection from the surface of the sheet.

Another hazard inherent in mica mining is the impossibility of calculating proved reserves of mineable mica. "As in all such deposits," states Ontario Government Geologist James E. Thompson, "it will be impossible to prove up reserves of mica. Each patch will have to be removed carefully as encountered. The Purdy operation has already demonstrated that the mica is of good quality and can be exploited profitably, and it would seem logical that some of the other mica-bearing dykes of similar geological type could also yield an equally good product."

Eau Claire Area Large

The Eau Claire area lies just north of the Mattawa River in Mattawan township, and for practical purposes may be said to include a territory which extends 3½ miles from east to west and three miles from north to south.

The Purdy mine of three claims is completely surrounded by the main property of the Inspiration Mining and Development Co. Contiguous to the Inspiration are claims staked out by The Mattawa Syndicate, and the Amic Syndicate. The Mattawa's larger block of land lies beside the Amic Syndicate's property. Inspiration has a second block of claims to the north of the Mattawa's main block.

Most northerly are the MacMillan-Cockshutt claims adjoining Inspiration's second property.

If Eau Claire has mica in quantity, Canada has something that will be of key importance to the United Nations' war effort.

Paymaster Output Best in History

Bullion Production $1.9 Millions in Year Ended June 30

The year ended June 30 was a record one for Paymaster Consolidated as regards production of bullion, and July was the best month in its history, according to the annual report.

The balance sheet reveals that in the last fiscal year Paymaster's holdings of government and municipal bonds increased to $828,393, up $453,500 from June a year ago. Other marketable securities are shown at $223,889 compared with $107,359.

Bullion output totalled $1.9 million compared with $1.8 million in the previous year. Ore milled totalled 215,944 tons compared with 212,834. Average daily milling was 592 tons compared with 583. And average recovery per ton was $8.63, up from $8.37 the year before.

Owing to increased costs, principally in mining, net profit of $121,402 is down slightly. Net in 1940-41 was $125,657.

Working capital at $1.4 million compares with $1 million June 30, 1941.

Development during the year was hampered by labor conditions, and though the winze at No. 5 shaft was put down to the 4,075-ft. level and 126.6 ft. below that level, progress was not on schedule, states Charles E. Cook, general manager. As a consequence, development of a block of ore between the 2,075-ft. level and the 2,575-ft. level, in the winze area, was not accomplished and the effect was adverse to maintenance of ore reserves. Such reserves are estimated to be 609,028 tons averaging .233 oz. compared with 709,487, same grade, the year before. Completion of the winze at No. 5 shaft has put the mine in position for development and production for the year ahead, states Mr. Cook.

Income and Surplus Account

	Years ended June 30 1942 $	June 30 1941 $
Bullion production	1,863,802	1,780,593
Add: Other income	43,165	23,533
Total income	1,906,967	1,804,126
Less development exp.:		
Diamond drilling	47,704	64,965
Drifts and crosscuts	182,962	210,891
Sinking, stations & sumps	120,920	129,747
Mining	718,439	584,059
Ore transport	18,397	17,340
Milling expenses:		
Crushing and conveying	26,376	30,325
Concent. & extract.	194,908	193,773
General charges:		
Taxes and insurance	14,140	14,142
Bullion mktg. chgs.	22,065	21,780
Mangmt., off. sals. & exp.	65,982	55,238
Guarding property	8,187	8,473
Misc. general exp.	53,141	39,653
Transfer expense	1,793	2,963
Directors' fees	1,400	1,167
Profit for year	430,373	429,410
Less: Depreciation	263,627	258,673
Prov. for inc. tax	45,344	44,080
Net profit	121,402	125,657
Add: Profit on secs. sold	1,032	4,924
Prof. on disposal of plant	......	16,146
Prior year taxes adj.	......	27,125
Less: Previous deficit	304,803	354,332
Develop. acct. w/o	......	123,338
Deficit forward	182,369	304,803
Earned per Share	$0.014	$0.015
Paid	nil	nil
Working Capital		
Current assets	1,524,744	1,173,402
Current liabilities	127,523	135,866
Working capital	1,397,221	1,037,536

Preston Works Hard On Opening Deep Ore

From Our Own Correspondent

TIMMINS. — While the mining "freezing" order has resulted in a reduction in milling rate from the 1,000 tons daily rate achieved in May to 850 tons daily, Preston East Dome Mines is vigorously prosecuting its programme of opening up ore bodies at depth.

Reflecting the new regulations which prevent opening up of new gold mines, exploratory crosscuts to the Presdor and New Augarita properties have been suspended while no work has been done on the projected drive into the adjoining Cincinnati Porcupine ground. However, a crosscut being driven to the east on the 12th level is now close to the southwest corner of the Preston north claim. This drive will be carried 1,600 ft. north along the west boundary with subsequent diamond drilling exploration of the depth continuity of the main ore-bearing porphyry mass.

Opening Four Levels

Mine development in recent months has been concentrated on the 8th, 9th, 10th and 11th levels. Preparation for mining of the main footwall ore bodies is well advanced on the 8th, 9th and 10th levels. The northeasterly plunge of the porphyry mass has carried the structure to the northeast of the main shaft.

On the 10th level, the ore structure occurs over an extension of 140 ft. with widths from 60 to 80 ft, making upward of 1,000 tons of ore to the vertical foot of mine average grade. "Silling out" for stope preparation on the 11th level is over somewhat lesser dimensions.

The footwall ore bodies, from which the greater proportion of ore is drawn, showed some shrinkage from the 4th to 7th levels with strong improvement occurring from the 7th to 11th level. The ore structure on the latter level shows characteristic silicified bleached porphyry with persistent mineralization and irregular quartz-filled fractures. There remain extensive areas in the intermediate and hangingwall zones for further exploration.

In the intermediate zone, on the 8th level, the Nos. 850, 851 and 852 veins, which trend northwesterly, have been opened up over extensions of 300 ft. carrying better than mine average grade over drift width. On the 9th level, the No. 903 vein has been opened up over an extension of 400 ft.

Deep Work Waits

No active development of the main ore structures is proceeding on the 12th or 13th levels, this work being held in abeyance while further development is accomplished on the four levels above.

In the first half of the year, earnings were equal to 16.3 cents a share with the mill averaging 832 tons a day.

Average recovery declined from $11.37 in January to $9.08 a ton in June so that there is no guarantee profits will remain at the level of the first six months of the year despite "freezing" of the mill rate at a level of 850 tons daily. Use of the new picking belt for sorting out waste material, however, is expected to have a favorable effect on mill heads.

With a certain amount of development suspended due to government regulations, it is also possible the level of operating profits may be affected favorably. Ore reserves are being maintained, it is stated, but aggressive development to increase reserves may not be possible under present circumstances.

Broulan Reduces Operating Costs

Development Work in Excess of Current Requirements

Although mining low-grade ore bodies not included in the official ore reserve estimate, Broulan Porcupine cut operating cost to $3.44 a ton in the six months ended June 30, a progress report states. Operating costs in the first half of 1941 were $3.55.

Net profit for the six months this year is estimated at $138,000, equal to five cents a share. Dividends totalling six cents have been paid so far.

Stope preparation and development work have been at a rate in excess of current requirements, according to the report, so that if labor conditions make it necessary, such work may be curtailed without involving an immediate drop in production.

Fourth Level

Fourth level drift to the west is now near the Bonetal boundary where drifting indicated an ore body 121 ft. long averaging .28 oz., in car sampling, over an average width of 6.4 ft. The drift will be pushed on to explore a region where interesting values were found in diamond drilling. Drifting to the east on the 4th level is aimed at development of a zone on the northeast claim, where diamond drilling from the 600-ft. Pamour level returned values of .215 oz. to .273 oz. over width of from 3 to 12 ft. in three holes.

Mining Concentrates

Arntfield Gold Mines, through President R. V. Arntfield, states sale of equipment and plant is under way to pay off creditors and bondholders. Current indebtedness totals $193,000, including $75,000 of bonds, $22,000 owing to preferred creditors and $96,000 to ordinary creditors. It is hoped to retain sufficient equipment to carry on work at some later date.

* * *

Aldermac Copper Corp. is reported endeavoring to find a new property while continuing to salvage the remaining ore in its main ore body. The life of the mine is unofficially reported to be about another year. Operating costs are understood to be showing little change.

* * *

Adnaron Prospecting Syndicate is stated to be negotiating for formation of a company on its acreage in the Rouyn-Noranda area. Following formation of a company, it is planned to carry on diamond drilling.

* * *

Consolidated Mining and Smelting report receipts of ore and concentrates at the Trail smelter during the month of July as follows:

Mine	Location	Short wet tons
ORES		
Arizona	Ymir, B.C.	9
Arlington	Erie, B.C.	58
California	Nelson, B.C.	28
Caribou	Camp McKinney, B.C.	40
Centre Star	Ymir, B.C.	14
Dentonia	Greenwood, B.C.	227
Dinera	Ainsworth, B.C.	7
Empire	Oliver, B.C.	97
Eureka Blaine	Republic, Wash.	54
Fern	Hall, B.C.	2
Gold Hill	Ymir, B.C.	3
Goodenough	Ymir, B.C.	7
Grandora	Penticton, B.C.	47
Granite	Taghum, B.C.	56
Highland Bell	Beaverdell, B.C.	372
Jumbo	Rossland, B.C.	70
Kalamalka	Lavington, B.C.	96
Nugget	Salmo, B.C.	162
Ruth Hope	Sandon, B.C.	4
South Penn	Republic, Wash.	669
Union	Grand Forks, B.C.	232
Wilcox	Ymir, B.C.	8
Yankee Boy	Grand Forks, B.C.	13
No. 16 Ymir	Ymir, B.C.	529
Ymir Leasers	Ymir, B.C.	35
CONCENTRATES		
Ruth Hope	Sandon, B.C.	37
Total customs		2,826

* * *

Dome Mines production was slight higher in July:

1942:	Tons milled	Tons daily	Recov. per ton	Total recov.
July	45,400	1,465	$11.52	$522,808
June	45,300	1,510	11.53	522,115

* * *

Goodrock Gold Mines reports a Dominion Government geologist has completed his examination of the company's Gordon Lake property and that in excess of 50 lbs. of cobbed samples have been sent to Ottawa for assay. Investigation is reported to have been carried out by violet ray lamps, chiefly along one of the several veins. This work is stated to have indicated an average width of 5 ft. of scheelite ore which "lamped" 2% tungsten.

* * *

Hughes Malartic Mines has taken over properties of Ascot Gold Mines and Hughes Malartic Syndicate totalling 1,050 acres in the northern Malartic area adjoining Marbenor Malartic property. Holders of the Hughes Malartic Syndicate will receive a distribution of 400 shares per unit. Unit-holders are being advised to turn in their certificates and receive this distribution. The property is stated to have been reported on favorably by Dr. Ticher of Montreal who carried on a magnometer survey last winter and found evidence of the continuation of diorite dykes across the property.

* * *

Lake Shore Mines has declared dividend of 20 cents a share payable Sept. 15, to shareholders of record Sept. 1. This is same amount as paid June 15.

* * *

Macassa Mines experienced a considerable drop in production in July.

1942:	Tons milled	Tons daily	Recov. per ton	Total recov.
July	11,825	381	$15.12	$178,848
June	12,002	400	17.25	207,043

Noranda Mines has now an improved system of ventilation in operation. Early in July the first tests of new ventilating equipment were made. As a result, it is expected working conditions will be improved and silicosis costs reduced. The system introduced was developed in England for deep South African mines some years ago. It was first introduced in Canada about 1938. A total of 250,000 cubic feet of air a minute can now be delivered and distributed underground each minute at Noranda.

* * *

Perron Gold Mines has declared its usual quarterly dividend of 4 cents a share, payable Sept. 21 to shareholders of record Aug. 29. An extra of 1 cent a share was paid with the March distribution but omitted with the June payment.

* * *

Toburn Gold Mines is reported continuing its investigation of the Sweezey tungsten property located six miles northwest of Amos. Bedrock has been stripped clean of overburden for an area of more than an acre, using a heavy "bull dozer." Cross trenches have also been put across the mineralized zone which occurs in the nose of a small fold. The scheelite is reported to occur across widths of 8 to 12 ft. It is thought to continue into the adjoining Kayrand property.

Plenty of Oil in Germany But Nazis Won't Find It

Thesis of a little book "Oil in the Earth," by Wallace E. Pratt, a Standard Oil man, is that there is plenty of oil in the earth in Germany, Italy, Japan, and other so-called have-not nations—if German, Italian, Japanese and other "have-not" geologists and drillers knew how to get it out. If they knew how, getting it would cost them far less time, effort and human life than does the war they have unleashed upon the world. Published by University of Kansas Press, ($1) the book makes interesting reading.

Here's how Mr. Pratt figures it out:

Oil, he says, is generally found in sedimentary rock of a certain age and structural stability, and any sedimentary rock beds are therefore worth test-drilling. Now, Germany has large sedimentary basins studded with salt domes marked by oil seepages; in Italy "a conspicuously petroliferous series of shales" and favorable geological structures characterize the local rock; and in Japan, large areas are underlaid by sections of the same beds that produce oil to the southwest in Sumatra and to the north in Sakhalin.

Why don't they find it? Not only favorable geology is needed, says Mr. Pratt; favorable habits of mind and favorable social structures also are needed in the search for oil. Americans have drilled one exploratory test well for every twelve square miles of sedimentary rock in the U. S. A., whereas Europeans have drilled only one exploratory test well for each 1,100 square miles of sedimentary rock. And further, to make the discrepancy more glaring, Mr. Pratt points out that most of the pioneer exploratory work in Rumania, the Caucasus, the Middle East, Burma, Mexico, and Venezuela, has been done by Americans. They know how to strike oil.

American oil companies, says Mr. Pratt, long ago sent their chief geologists to the universities offering employment to graduates in geology. Very soon there was over-production of oil-geologists. Unable to get white-collar employment, many of graduates took jobs as roughnecks and roustabouts; rose to become drillers, foremen, scouts, lease men. The result? Theory and practice cross-fertilized; America developed a positive genius for finding "oil in the earth."

In a "class" society, asserts the author, such a thing could not have happened. Gentlemen scientists in a class-bound society do as little practical work as they can, he says; in the "class-less" society, afraid of the consequences of failure, a citizen won't wildcat.

In America, a wildcatter sinks a test well on his own, pays for it out of private resources.

Sladen Malartic Profit Higher

Big Shaft Sinking Programme Now Near Completion

While production of Sladen Malartic Mines was slightly less in the June quarter than in the immediately preceding three months, operating profits showed an improvement. These profits totalled $115,078 compared with $111,094 the first quarter and only $70,503 the last quarter of 1941.

Reflecting the operating profit realized, working capital before allowance for taxes, totalled $481,278 at June 30, 1942, against $360,644 three months earlier and $254,476 for the end of 1941.

Shaft Down 1,570 Ft.

Sinking of the No. 2 shaft has now reached a depth of 1,570 ft., the second quarter report states. The shaft is to be completed to the 1,750-ft. level next month. Five new levels below the 950-ft. level will then have been established allowing the downward extension of the Telluride zone to be explored rapidly by diamond drilling from the various stations.

Other development and exploratory work has been sharply curtailed and by the time the shaft is completed, it is stated to be highly probable that few skilled miners will be available for other than routine stoping operations.

Production of $299,810 the three months ended June 30, 1942, was secured from milling 64,639 tons of ore for an average recovery of $4.64 a ton. This compared with $300,383 from 64,137 tons of ore and average recovery of $4.68 a ton the immediately preceding three months.

Operating costs, including shaft sinking, amounted to $2.85 a ton in the June quarter against $2.95 a ton the first quarter and $2.68 the fourth quarter of 1941.

Hard Rock Net Rises Slightly

Earnings Equal 3.26 Cents For First Half of Current Year

A slight improvement in earnings was experienced by Hard Rock Gold Mines the first six months of 1941. Estimated net profit was $97,568 or 3.26 cents a share as against $150,321 or 5 cents a share the preceding 10 months.

Production for the first six months was $608,384 from 69,319 tons of ore for an average recovery of $8.77 a ton. This was a slightly higher production rate than in the previous fiscal period.

Taxes Heavier Now

From July 1, 1942, the company is subject to additional taxation. Assuming profits similar to the first six months it is estimated Dominion taxes will be $51,000 including refundable portion estimated at $4,500. Reserve for taxes in the first six months of the year was $40,879.

Milling rate is restricted to the average of the first four months of this year, it is noted. An average of 11,561 tons of ore a month were milled during this period. A total of 69,319 tons of ore were milled the first six months of the year.

At June 30, 1942, the No. 2 shaft was down 1,089.5 ft. below surface and sinking is continuing. Four new stations have already been cut at 150-ft. intervals. The amount charged to this operation and deferred during the six months period was $38,697.

The labor situation is becoming increasingly difficult, the company notes.

ABASAND SUPERINTENDENT

Martin Neilsen, for several years refinery superintendent for Gas and Oil Products Ltd. in Turner Valley, has been appointed plant superintendent for Abasand Oils Ltd., with headquarters at Fort McMurray, Alta. He will be in charge of Abasand's production from the Athabaska oil sands.

Educated in Denmark and Norway, Mr. Neilsen is a member of the Alberta Association of Professional Engineers.

Gold Eagle Will Decide Future

Vote on Alternatives of Distributing Assets or Conserving Position

Whether to wind up their company and make a cash distribution or reduce expenses while retaining holdings intact is the question shareholders of Gold Eagle Gold Mines are being asked to settle at the annual and special meetings of shareholders called for August 28.

As at April 30, 1942, net current assets totalled $243,990 of which $216,425 was in Dominion bonds. The $243,990 would work out at around 9.2 cents a share on each of 2,638,339 outstanding shares. If liquidation should be decided on, something further would probably be realized from sale of mining property and $169,007 depreciated value of equipment and buildings.

At present, Gold Eagle is realizing $8,500 per annum from Dominion bond interest and other sources which is insufficient to meet current expenses of $16,000 per annum. By slashing officers' fees and eliminating expense of consultants' fees, it would be possible to reduce annual expense to $12,000 per annum, it is stated. This will be done if shareholders vote to continue the company in existence at the special annual meeting on Aug. 28.

Milling operations were suspended last Sept. 15 and equipment was put in condition for an extended shut-down at that time.

Various properties were examined in a search for a new mining proposition of merit but it appeared that none of the properties under consideration had greater merit than the Gold Eagle ground. E. K. Fockler, consulting geologist, made a further report on the Gold Eagle ground and recommended further exploration when conditions became propitious. A further report by John A. Reid, consulting mining engineer, however, does not favor a programme of further work.

After the war, it is suggested more favorable conditions for gold mining may exist.

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London Calling

by Adelphi

LONDON.—The Americans are here. One sees them everywhere—serious of expression, quiet and businesslike. In appearance they are a citizen army, men who have left their normal occupations not to seek glory at the cannon's mouth but to help put a dirty situation right. Perhaps it is their uniforms with their trousers of a lighter khaki than their tunics which gives the semi-citizen touch. The Polish officers on the streets of London, the Belgians, the Norwegians, the Dutch and all the rest of them look as if they have never been anything but soldiers. British officers give the impression that they have just changed from hunting kit or cricket flannels into uniform but the Americans look as if they have come from business offices, universities and the machinery of a highly industrialized democratic state.

Oddly enough the Americans and the British are suffering from a mutual shyness. The soldiers of the European countries who are in Britain are like poor relations and the natural benevolence of the British flows out to them. But these Americans are our rich relations — in fact we owe them money — and we don't quite know what to do about them. As usual the Canadians are proving useful interpreters but the shyness is still there. It is a pity, for the English summer is cold enough without our chilling the hearts of our welcome guests through a stupid shyness.

• • •

The Second Front

The Americans are all "second fronters." That is why they are here. They want to get over the channel and get at the Germans. So do the British but they have fought the enemy in Greece, in Crete, in France and Belgium and in Libya—and they want to be sure that this time the Navy will not have to do a miraculous rescue. In short the timing of the second front has become an acute international as well as domestic issue. The call of the Russians is loud and clear. So is the exhortation of the Americans. No wonder Churchill wears a thoughtful and brooding air these days.

• • •

Closure in the Lords

The House of Lords is much more democratic in its habits than the House of Commons. In the Commons the Speaker is a complete autocrat. He determines who shall take part in the debate, intervenes if rules are broken or if an M. P. drifts away from the subject of the discussion and generally controls the situation. In the Upper House the Lord Chancellor from the Woolsack merely announces the subject of the debate and after that the Peers take charge of themselves.

This led to an interesting situation a few days ago when the Peers were debating Empire matters and the Duke of Bedford chose the occasion to advocate a negotiated peace with Germany. Viscount (R. B.) Bennett, who had spoken brilliantly, frowned his disapproval. Viscount Bledisloe (former Governor-General of New Zealand) who had advocated an Empire Council on which ex-Governors-General and ex-Dominion prime ministers could sit, was highly annoyed. Viscount Elibank (who got into a row in Canada a few years ago by proffering wise but unsought advice) was very angry that the debate which he had initiated should be at once so deflected and so defiled.

Lord Simon on the Woolsack glared his disapproval but, as I pointed out, could do nothing about it. But the 82-year-old Lord Gainford was equal to the occasion. Standing up he uttered these famous words: "My Lords I beg to move that the Noble Duke be no longer heard."

Strong murmurs of assent came from the assembled peers. The Duke stammered, stopped and then bowed to the will of his fellows. Whereupon their Lordships adjourned—R. B. Bennett going back to his bachelor residence in the country and the sprightly Lord Gainford being driven home in his carriage and pair.

• • •

Lone Furrow

It might be as well to record that the Duke of Bedford is not a serious figure in British public life. When the Government began to commandeer iron railings he refused to give his up. He has always ploughed a furrow of his own without any particular idea of where he is going.

His mother used to indulge in all sorts of flying expeditions when aviation was at the adventurous stage of its development. Eventually she flew once too often and was never seen again.

• • •

Blunt is Blunt

It has often been argued that names influence character. One can hardly imagine a girl named Lucille being short and squat or a man named Featherstonehaugh being a vulgar brawler. Thus one is not surprised that Alfred Walter Frank Blunt, the Bishop of Bradford, has developed a forthrightness of thought and utterance that is not equalled by any other Priest or Prelate of the moment. It was Bishop Blunt who blew the lid off the Edward the 8th-Mrs. Simpson affair by criticizing the King in a sermon.

Now he has taken to criticizing the Government. He strongly objects to the Government holding back bad news, such as shipping losses. That to him is molly-coddling. And not only does he want the Government to reveal all that is going on in the war but to state what it is going to do with the world after the war. The latter might be a little difficult since it is not likely that the Government will be in power for ever — but Blunt doesn't worry about little things like that.

He also wants the ban lifted on the Communist paper, "The Daily Worker." He sees dictatorship and press censorship and the stifling of free speech in the offing. In fact he declares that free speech is no longer possible and then disproves it by speaking with complete freedom about it. Recently he startled his congregation by saying: "Make us more Communistic in our living . . ." Having reached high position in the Church, he does not believe in individualism or private reward. In short he is a thoroughly honest, well meaning self-contradictory pundit trying to live up to his own name. And even those who decry him felt the tragedy deeply when his flying officer son was killed last winter.

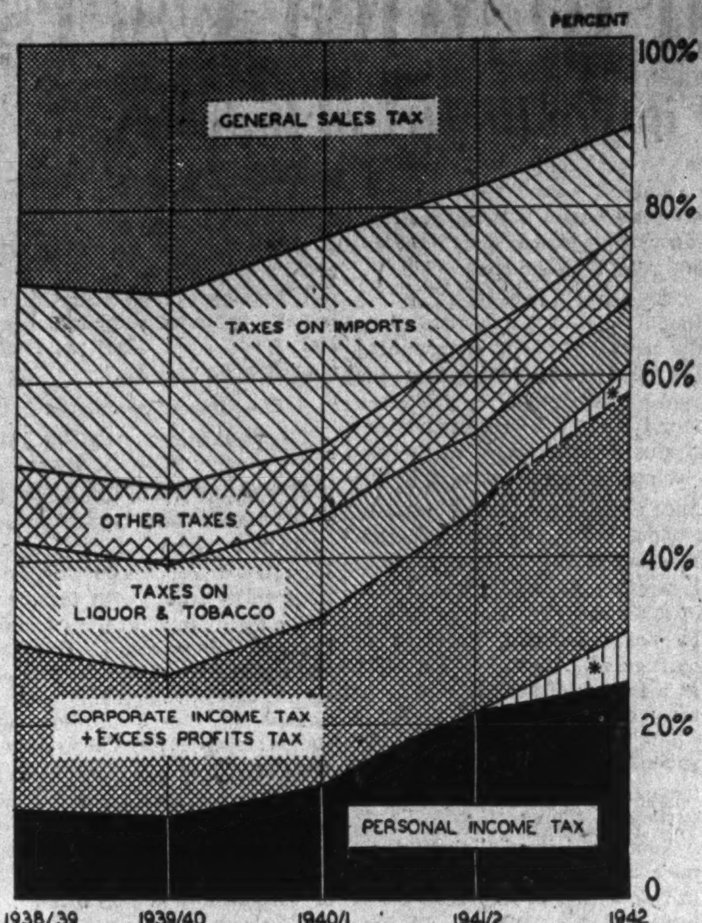
• • •

Casualties

Seven or eight years ago there was a brilliant performance of the "Rosenkavalier" at Covent Garden. In their box sat the Earl of Lytton and his wife in deep enjoyment of the lovely light masterpiece of Richard Strauss. Then one became conscious of something happening. The Manager had quietly entered the Lytton's box and whispered to them. They went out and there was a queer psychic feeling of disaster in the air. The news brought to them was that their son Viscount Knebworth, flying with his auxiliary volunteers, had crashed and been killed.

Three days ago the Earl of Lytton received an airgraph letter from Egypt. It was from the colonel of his son's regiment and it was to say that the boy had been killed in action. There is no other son. It is the end of their story.

Main Sources of Dominion Taxes



There has been a striking change in the relative importance of the various tax sources of the Dominion government, as this chart from the Bank of Canada Statistical Summary shows. Back in the peaceful days of 1939 the sales tax was the largest contributor to the public treasury, furnishing over 30% of the total collected. Now the proportion is down to under 15%. In the same period, however, income and excess profits taxes have advanced from under 25% to over 60% of the total.

What's Wrong in Parliament?

Don't Shackle Parliament

Says Elected Members Not Bureaucrats, Must Rule

Herewith The Financial Post publishes further comment on the letter of "Mr. X" which appeared in the issue of June 20. Author of the current comment is M. C. Senn, Conservative M.P. for Haldimand, who has represented his riding at Ottawa since 1921. His long parliamentary experience has brought him to the fore in agricultural committees. Mr. Senn contends that the party system of elected representatives is the soundest pattern for Canada's government, that the existing corps of civil servants should not be bolstered by further permanent parliamentary advisers.

By M. C. SENN

I had the pleasure recently of reading an article contributed to The Financial Post by Mr. "X", entitled, "What's Wrong in Parliament."

Having sat on both opposition and government benches from time to time I have seen the membership of the Commons come and go until few remain who were familiar figures in the Canadian Parliament twenty years ago.

Being composed of human beings, no parliament will ever attain perfection. Our parliamentary institutions have been built up and improved over a long term of years, yet there is room for improvement still. Therefore, everything possible should be done to elevate parliament to a position where it is even more efficient and more capable of administering Canadian affairs.

Tough to Govern

Because of its wide spaces, and because of its diversified interests and occupations, few countries have been more difficult to govern than Canada. Matters of vital importance to the maritime provinces may not concern the central provinces, the prairies, or those bordering on the Pacific. Courses of action which seem vital to those living in one area of the country adversely affect those living in some other district. It cannot be denied that the average member from any particular locality is more interested in matters touching his own people, than in the problems of some other part of the Dominion.

Government of a country of such diversified interests must be in some measure a matter of compromise and mutual agreement, always having in mind the objective of the greatest good to the greatest number. If, therefore, parliament is not to be divided into groups representing the interests of any class, industry, and more particularly, of any locality, party government seems to be the most logical and effective system.

Parties Toe the Line

The accusation is often heard that members are more concerned and influenced by party considerations than by the country's welfare, and that their course of action is guided thereby. While this may be true in some instances, it is equally true that the attitude of any party on public questions must of necessity be dictated by concern for the national welfare. If a party follows any other course, it will soon lose public confidence, inevitably earn the condemnation of the people, and cease to exist.

Your correspondent, Mr. "X" suggests that a secretarial staff should be appointed to assist members in getting information on public questions; such a staff no doubt to be composed of technically trained men.

This suggestion has some merit, but I have always been somewhat suspicious of academic theories which are promulgated by those whose theoretical knowledge might be of the best, while their training in practical affairs is not sufficient to estimate the result of their proposals. Undoubtedly, such a staff would influence the inexperienced member to accept its views.

Under the party system, parliament is composed of members duly elected. Its executive, the Cabinet, is charged with the administration of the country's affairs, and what is equally important, with formulating policies for the party in power. This executive is in turn responsible to parliament. The other duly recognized constituent of parliament is the Official Opposition. It is usually led by a man of experience in public affairs, and he is assisted by a group of experienced men in the study of current national problems.

Danger of Bureaucracy

Already each department of government is surrounded by deputies and civil servants, charged with grave responsibilities of administration.

If a secretarial staff were set up in addition to this, charged with the duty of informing elected representatives on economic matters, I fear a bureaucracy would result which would tend to destroy the party system entirely. This in turn, would result in lack of stability and a constant shuffling of the balance of power.

A political party is usually composed of those who think alike on public questions. Both in national and international affairs, efficient, informed and honest leadership is necessary. No form of government can be successful otherwise. It is difficult enough at any time to maintain confidence in the leader of any party under our democratic system, no matter how well informed he is, or how he may strive for the country's welfare. Only a loyal following in parliament can maintain that confidence among the electors.

Much of the criticism levelled against the House of Commons is unwarranted. Its membership is fundamentally honest and is imbued with a keen desire to serve the people. Nothing will undermine faith in democracy more thoroughly than to destroy confidence in parliament, the members of which are chosen by the people themselves. This is particularly true in wartime. By so doing, we are playing into the hands of the enemies of democracy itself.

Short Cut to War!

In the weird glare of white-hot metal, the foundrymen mould parts and pieces of machines that go to war. Night and day mountains of scrap metal are turned into molten alloy in electric furnaces; ladled into whirling moulds to form steering knuckles, ball sockets, hubs and other vital parts of fighting vehicles.

Ford's system of centrifugal casting (pouring liquid metal into spinning moulds) saves about one-third the time, one-third the steel, one-third the labour previously used in forging methods (pounding hot steel into rough shapes). Ford X-ray tests prove these time-saving castings to be stronger, better in every way.

On blazing battlefields, too, mechanical ingenuity keeps United Nations' armies rolling into the fight. Mobile workshops, made in Canada, are manned by ace trouble-shooters who speedily replace a wheel or do a first-class welding job within sound and sight of the battle.

The surging flow of production in Ford of Canada's foundry at Windsor and the smashing drive of a raid on enemy territory are aimed at the same objective. They are part of a great and growing team play—with Canadian brains and sweat and skill backing up Canadian courage and striking power.

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